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THE BUSINESS OF INSURANCE

A TEXT BOOK AND REFERENCE WORK
COVERING ALL LINES OF INSURANCE

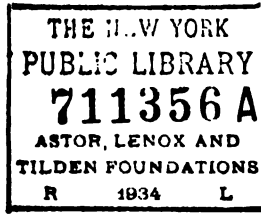
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BY
HOWARD P. DUNHAM

In Three Volumes

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PART VII

GENERAL

CHAPTER LXVI FORMATION OF A COMPANY

BY WALTER S. NICHOLS

AN INSURANCE company is a business corporation. Its formation is governed by the laws regulating all such corporations, except as these may be modified by statutes regulating insurance companies as a special class. As a corporation it is an artificial creature of the state creating it, having only such powers as may be explicitly or by implication granted in the charter by which it was created and having no power outside of its own state, except such as may be granted as a privilege by other states. Formerly such corporations were only created through special charters granted by the legislatures, but it has become the custom in the various states to prescribe general laws by complying with which these and other business corporations may be created without the formality of a special charter. The great majority of the existing companies have been formed under these general laws and where such laws exist the granting of special charters is usually forbidden.

The steps required for the formation of an insurance company are regulated by these laws. Such companies may be formed by certain capitalists who desire to engage in the business for profit as in the case of stock companies, or by certain parties desiring to combine for mutual protection as in the case of mutual companies. Often their creation is the work of some individual familiar with the business who desires to form a corporation in which he will be an important factor and who enlists the aid of others for the purpose. The first step, of course, is to settle on the general character and scope of the business to be done and the name to be adopted.

The latter will be like a trade mark, the peculiar property of the company, and must be so chosen that the public will not be deceived by its too close resemblance to that of another corporation. These preliminaries having been settled, the organizers are now prepared to undertake the formal work of incorporating the company under the particular statute applicable to that purpose. This, as has been said, is usually a general law for the incorporation of this class of companies. These statutes, in their more general features, nearly resemble each other in the different states and it will be sufficient to use those of New York for purposes of illustration after which the statutes of many of the other states have been modeled.

The first formal step is the drafting of the articles of incorporation. Where special charters are required these must usually embody in a condensed form the leading features of the business to be done and the method under which it is to be conducted, in short a brief statement of the powers to be exercised by the company. The same is true under general laws. Matters relating to the internal conduct of the company are usually relegated to the by-laws. In fact, it has been held that matters of detail more properly belonging to the latter should not be introduced in the articles of incorporation under general laws. In New York a company may be formed to carry on any one of the several classes of insurance enumerated, such as fire, life, accident, etc., by thirteen persons making and filing in the office of the Superintendent of Insurance a certificate signed by each, stating their intention to form a corporation for the purposes enumerated in the classes referred to. The persons thus signing become a corporation by the acceptance and filing of this certificate. They are known as the incorporators and may be either the actual parties concerned or those whom these actual parties have engaged for the purpose

—known as dummies—who will afterwards turn over its control.

This certificate must set forth a copy of the charter which it is proposed to adopt, the name and location of the company, the kind of insurance to be undertaken, the manner in which its corporate powers are to be exercised and its officers and directors to be elected, and the time of such elections, the manner of filling vacancies, the amount of capital, if any, and such other particulars as may be necessary to explain the objects and purposes of the corporation. If this certificate is approved by the superintendent of insurance a certified copy is returned to the corporators, who are thereupon authorized to begin the work of organizing the company after first publishing a notice of their intention for six months as directed by the superintendent. At the end of that time they may open books to receive subscriptions to the capital, if a stock company, or for insurance, if a mutual company, and proceed to collect the payments on the stock or premiums for insurance until the entire amount required has been paid in. Not until this has been done and the money has been invested as directed by law may business begin. This work of procuring subscriptions is frequently carried on through corporate or individual agents engaged for the purpose and known as promoters. In some states the actual corporate existence does not commence until the company has complied with all the requisites for doing business. In others it begins with the acceptance of the charter. Such acceptance on the part of the corporators is implied under general laws by the act of filing, but under special charters it must be signified by some act on the part of the corporators. But until the corporation has been actually organized it has no powers as such and is in an inchoate state.

The first duty, therefore, after preliminary subscriptions for stock or insurance have been secured is usually

to complete the organization of the company, which is accomplished at what is known as the organization meeting. This is called in some states according to specified statutory directions. Where these are wanting the safer plan is for all the incorporators as well as subscribers to the stock, to sign a waiver and agreement fixing the time of meeting. This meeting must be held within the state by virtue of whose sovereignty the charter has been granted. The theory is that all fundamental acts outside of such sovereignty are void. The usual work of the organization meeting is chiefly to elect a board of directors, adopt by-laws and provide, when necessary, for the issue and payment of the capital stock. The preliminary organization of such a meeting is naturally effected under familiar parliamentary methods by the election of a chairman and a secretary to record the proceedings. After stating the purpose of the meeting and presenting a copy of the certificate of incorporation, the by-laws which have usually been previously prepared are adopted with such amendments as may be made and the directors are elected and authorized to issue the shares of stock or policies of insurance subscribed for as the case may be. The company is now fully organized. All that is needed is to prepare the machinery necessary for the prosecution of business. This is done at a subsequent meeting of the directors. At this meeting the officers of the company are elected and such other steps taken as may be provided in the by-laws or otherwise as needed for actively carrying on the business.

Such in a general way is the method by which an insurance company is formed, modified, of course, by the statutory requirements of the different states and special circumstances which may exist. We will now consider in detail some of the more important features of these various steps.

The Charter

As already stated the charter or articles of incorporation must set forth with sufficient fullness all the powers which are sought for by the company and the way in which these are to be exercised as they may be prescribed by statute if organized under a general law or if under a special enactment in conformity with such statutory laws as may regulate corporations. The details of internal management are usually covered by by-laws. A corporation has no other powers than those which may be explicitly granted in the charter or such as may be incidental to their exercise. Its business can only be conducted within these lines, hence the importance of sufficiently and clearly stating these in the charter. In some of the states the statutes provide for incorporating in the charter certain provisions for the internal regulation of its business or defining its powers or those of officers or directors. In the absence of such statutes, these matters appropriately belong to the by-laws. Irrespective of statutes corporations are under the common law vested with the powers necessary to carry on their work among which may be mentioned the right to appoint their officers and agents and to enact proper by-laws for their government. While under its charter the company is usually confined to the state of its domicile as to acts which relate only to itself and not to its dealings with third parties, it has implied power to transact its business beyond its state boundaries, subject to the comity of such outside authorities. Especially is this necessary in case of insurance companies.

As an illustration of the general character of such charters we may take the case of one of the largest life insurance companies of New York organized under a general law. This charter under article first prescribes the name of the society and the city in which its principal office is to be located. Under article second is briefly set

forth in almost the statutory language the nature of its business. Article third states the amount of capital and of its division into shares, the amount of dividends to be allowed on the stock and when paid. Article fourth provides that the corporate power shall be vested in the directors and exercised by the officers. The number of directors is stated with provision for their reduction, their stockholding qualifications, names, and division and annual election in classes, together with the time of such election and its methods. Article fifth provides for the election of officers by the directors and the enactment by them (rather than the organizers) of by-laws. The directors are empowered to regulate premiums and amounts of insurance and to purchase insurance obligations of the company. Article sixth states that the business is to be conducted on the mutual plan, authorizes the directors to forfeit insurance for non-payment of premiums which must be made in cash, and directs how the officers shall each five years strike a balance and apportion surplus among the policyholders.

Such are the leading provisions in the charter of one of the largest life companies. Turning to other life insurance charters in the same state, each will be found to be modified according to special features or business methods adopted. One may be a mixed company permitting the stockholders to share in the surplus, and the policyholders to be represented on the board of directors. Another may be a purely stock company allowing no profit to policyholders. What is true in this branch of insurance applies to others. The aim of the charter is to express with sufficient definiteness all the powers which the company may exercise. Changes in the charter can only be made by the same legislative authority which has granted it. Under general laws these usually provide how such changes may be made. In the case of special charters special enactments are necessary. But general

statutes frequently provide methods by which companies under special charters may re-incorporate under such general laws.

By-Laws

By-laws are the rules adopted by the company for the internal regulation of its affairs and require no authority from the charter itself for their validity. But they must be consistent with the powers granted by the charter. Here again we may illustrate their general character as before by reference to those adopted by another prominent life insurance company of New York. Article first provides for stated meetings of the directors and states what reports of the business shall be furnished them by the president and how special meetings may be called. Article second provides for filling vacancies in the board. Article third enumerates the officers to be appointed by the board. Article fourth prescribes the respective duties of these officers. Article fifth enumerates the various standing committees of the board that are to be appointed and their duties. Article sixth deals with the limit of single risks to be assumed and the method of paying premiums. Articles seventh and eleventh prescribe regulations for the investment of the company's funds. Article eighth deals with the transfer of stock. Article ninth provides for a special committee to annually examine the state of the company's affairs. Article tenth states how the reserve is to be determined. Article twelfth prescribes the order of business and in all companies a provision is made either in the charter or by-laws for their amendment.

Apart from any by-laws the directors of an insurance company have plenary powers subject to its charter to regulate its management in matters which do not pertain to those constituent principles concerning which the stockholders or members must be consulted. By-laws

simply prescribe the manner in which these powers must be exercised.

The Directors' Meeting

After the organization meeting has been held the next formal step is the first meeting of those who have been chosen directors. Each member of the board must be duly notified of the time and place of meeting unless such notice has been waived by him. Usually a majority of the number is required to be present in order to constitute a quorum, though in some states statutory provisions permit less than a majority for the purpose. The directors are the legal agents not of the stockholders or policyholders of the company, but of the corporation itself to manage its affairs. As such they have no power to delegate their authority except in such minor matters as may be properly intrusted to subordinate agents, such as committees of their own number and officers of the company. Unless as a member of such committee or otherwise appointed by the entire body for some specific purpose individual directors have no power as such. The entire body must act as a board. The principal business at their first meeting is the election of the officers, and carrying into effect the provisions for the payment of the stock or the premiums to be paid for insurance. As a general rule this first meeting at least must be held within the bounds of the state by which the charter has been granted. Except as otherwise controlled either by the charter, by-laws or statute, all questions of business management and policy belong to the directors and their discretionary power unless abused cannot be disputed by the stockholders or policyholders. The territory in which the business is to be carried on and its methods, the character of the risks to be written and the rates to be charged if necessary, the investments of the funds, the determination and disposition of the surplus, are among the matters resting on the decision of the directors,

though their actual details may be left to subordinate officers.

In order to more effectually perform their work the directors usually appoint certain standing committees from their own body and from time to time special committees. Their proceedings must be properly recorded and attested in a minute book kept for the purpose by a secretary, who may be a member of the board, and is frequently the secretary of the company. This record is the authoritative evidence of their resolutions under which the business is conducted. The chairman chosen by the board of directors—who is its executive head—is generally the president of the company. The most important of the standing committees in insurance companies as well as other corporations is the executive committee to whom the directors usually delegate most of the ordinary duties which would otherwise require the action of the full board. Another most important committee in an insurance office is the finance committee to which is intrusted the supervision of the company's financial matters. While the full board generally hold periodical monthly meetings, such committees meet as occasion may require, or at stated periods.

The Officers

In the United States the chief executive officer of an insurance company is the president, who is also the chairman of the directors and as such directs the business of the corporation. In practice, however, the president frequently centers his attention on some special department of the business, as its finances or the prosecution of the insurance, as the case may be, while maintaining a general supervision. As the head of the directors he is the chief agent of the corporation. All the officers are in fact special agents of the company entrusted with its administrative duties as contrasted with the ordinary agents

who represent it in the field only in certain limited capacities, and who like the ordinary employees are usually appointed by the officers under the powers delegated to them by the board.

A vice-president is also generally chosen by the directors from their number to perform the functions of the president in his absence and in such case has all the powers of the former. Like the president, he is usually an officer steadily engaged in the service of the company and having his special department of work. Sometimes the office is combined with some other as that of secretary. In fact, the special work of the officers of an insurance company, aside from the duties inherent in their particular offices, is apt to be regulated by their peculiar qualifications. It may happen that the real underwriting work of the company is practically directed by an employee, who is not among the officers elected by the directors at all. The by-laws or charter usually define the general officers who are to be chosen by the directors and their respective duties. Such other subordinate officers as may be required are simply appointed by the directors or under their authorization. The general officers in the case of almost all corporations consist of a president, vice-president, secretary and treasurer. Others are often added according to the requirements of the business, and the particular duties to which they are assigned may be left to the president or the directors. Superintendents of agencies, managers of special departments, and in life insurance, an actuary and medical examiners are among the subordinate officials usually found in insurance companies. Assistants, too, are often appointed to aid them in their work.

Technically the work of the secretary is to care for the correspondence, keep the minutes and generally care for the bookkeeping of the company. His signature together with that of the president is usually required

to attest its official instruments. The business of the treasurer is technically to care for the company's funds and their disbursements. Primarily he is supposed to be concerned with the handling of its finances. Practically the work of all the officers along their several lines is so shaped as to most effectively conduct the business and their duties vary in different companies. The president is generally a member ex-officio of all committees and, except as it may be defined by the by-laws or the directors, has the direction of the work done by his subordinates and is in short the commanding general of the whole.

The Agents

The real business of an insurance company is chiefly in the field. Few of its customers come in contact with the home office. Their dealings are with the various local representatives throughout the territory where the company operates. Hence the organization of its field force is an essential step to any active business. Agents must be appointed from the home office wherever it proposes to operate and this field force must be properly supervised. This is one of the first things to be done after the company has been fully organized. The methods of doing so are various, but the principle is the same in all. Some officer of the company, or other party duly authorized, appoints agents with ample powers to represent it in the various fields where it proposes to operate, with power to employ subordinate agents of their own for the solicitation of business. The former are usually known as general agents and are clothed with plenary authority to act for the company in all matters connected with its operations in the field. The latter may be mere solicitors of business with no other authority than that of procuring purchasers for the insurance contracts which the company sells. These powers vary with the particular re-

quirements of the case and are evidenced by written contracts between the company and its principal agents. Along with these contracts a large body of literature in the shape of instructions, forms for keeping account of and reporting the business and sometimes blank policy forms are needed, known as agency supplies. It is only when such supplies have been prepared as well as the books necessary for use in the home office and the necessary agents appointed that the company is actually ready to open its doors for business and start the machinery in motion.

Such in brief is the general method adopted to form an insurance company and put it in active operation. Detailed modifications of the method are, of course, employed according to the character of the business and the laws of the various states. But when completely organized the company is a distinct legal entity, recognized as an artificial citizen of the state which created it and entitled, like any other citizen, to carry on its business under the protection of the law. Its officials of whatever grade are merely its agents through whom it acts and their legitimate acts, in so far as the outside public is concerned, are those of the corporation itself. Failure to properly comply with the law in its formation may impair the validity of its acts as a corporation or even of its corporate existence and sometimes imposes a personal liability on those connected with it.

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CHAPTER LXVII
STATE SUPERVISION OF INSURANCE

BY FRANK H. HARDISON

Its Beginnings

INSURANCE supervision by a state official is now provided for by the laws of nearly all the states of the Union. In some a distinct office is created by the laws; in others, the supervisory powers are lodged with some official who is charged also with other duties. The first state to grant supervisory powers over insurance companies by a representative of the public was Massachusetts. This was by an act passed in 1852, which constituted the secretary, treasurer and auditor of the commonwealth a board of insurance commissioners to perform certain limited duties.

But prior to the appointment of this board of insurance commissioners the Massachusetts law had for many years required returns to be made by insurance companies. Resolves of 1807, Chapter 56, called for a statement by each insurance company, showing the amount of its capital stock paid in, the character and amounts of its investments, and the amount of its outstanding insurance. In 1837 an act was passed requiring insurance companies with specific capital to make annual returns to the secretary of the commonwealth, said returns to show the condition as of December 1st of each year and to be made not later than December 15th. The form of return was specified in the law and required information as to the following points only:

Location; name; capital; United States stocks; Massachusetts stocks; loans on bottomry and respondentia; invested in real estate; secured by mortgage on same; loans

on collateral or personal security; cash on hand; due on book; reserved funds with the names of the banks and amount owned in each; debts owed; losses as ascertained and unpaid; estimated amount of losses, exclusive of salvage; at risk, fire; at risk, marine; average annual dividend; highest rate of interest paid, or discount received, on any one loan; what amount of bank stock returned as being owned by the company, is pledged for money borrowed.

The first official report of the business of insurance published by authority of the state was compiled under authority granted in the act in question by John P. Bigelow, then secretary of the commonwealth, and was transmitted to the legislature in January, 1838. It comprised eight pages only for all the companies. One has but to examine the blank now furnished by an insurance department to a life insurance company for making its annual statement to perceive the development during the lifetime of a person not yet fourscore.

This act of 1852, which constituted the secretary, treasurer and auditor of the commonwealth a board of insurance commissioners, was a step in advance, as the duty was imposed upon them to examine, annually, in the month of November, the statements made by foreign insurance companies and their agents, to require such other information as they might deem proper, and submit to the legislature an abstract of said statements.

In 1855 there was established an independent and distinct board of insurance commissioners, and the law delegated to them the administration of the affairs of an insurance department. The act gave the governor, with the approval of the executive council, the power to appoint and remove the commissioners, and was so drawn that one commissioner should retire each year. The compensation was fixed at \$5 for each day's attendance upon the duties of the office with mileage allowance. The board

was given ample powers for examining companies, and directed to report upon the general conduct and condition of the companies and make such suggestions as might seem expedient.

These first commissioners did not regard their positions as sinecures, as is evident from their first report made early in 1856. The interrogatories addressed to the companies as the basis for their annual statements were more searching and comprehensive than the companies had ever before been called upon to answer. Examinations were made without notice to the companies and their assets and liabilities ascertained and likewise their method of conducting business, the purpose being to find out if the companies had the ability and disposition to fulfill their obligations. Permanent records open to the public were made, and it appears that during the first year of the board's service no less than fifteen outside companies were found to be doing a fraudulent business.

This was the first real state supervision of insurance, and it is interesting to see how it developed in the state of its birth in these earlier stages. In 1856 the insurance laws were re-codified by Chapter 197 and some new provisions were put into the insurance act, among them one which gave authority to the commissioners to value outstanding life policies, if deemed expedient, and requiring the companies to pay therefor 1 cent on every \$1,000 represented by the policies. While the first board remained in office, however, the companies had nothing to pay the state for computing reserves, for the commissioners did not "deem it expedient" to make a valuation. The act also prohibited a company from transacting business until it had received a certificate of authority from the commissioners.

The second report of the board urged the adoption by law of a standard form of policy for mutual companies,

and in this connection it should be observed that the practice established by the first board of insurance commissioners of discussing insurance problems and recommending laws for the proper regulation of the business has been followed by all of their successors in Massachusetts and by many commissioners of other states which subsequently from time to time established supervisory departments. Many of those discussions are of fundamental importance.

This first board, however, was not long continued in office, for in 1858 there was a reorganization of the department. The new act reduced the board to two members with salaries of \$1,500 each, and further provided that life insurance companies must furnish the commissioners for valuation a list setting forth in form the number, date and amount of each policy and the age of the insured when the policy was issued. Elizur Wright and George W. Sargent were appointed commissioners. The situation at this time cannot be better set forth than in Mr. Wright's own words as expressed in a little pamphlet by him entitled "Curiosities in Legislation," which also shows that there was no settled conviction on the part of the members of the legislature in favor of valuation. Mr. Wright's record is as follows:

"It appeared to me to be the duty of somebody to get such state supervision over all companies issuing life policies, as to protect the public from the possibility of such unconscionable plunder as I had seen constantly going on in England. I wanted something besides a 'circumlocution office,' or commissioners that knew simply 'how not to do it.' So I set myself for several years to lobbying, as I had opportunity, for a law to oblige all the companies doing business in the state to make and return a valuation of all their policies annually to the secretary of state. And such a law was passed. Some companies complied with it faithfully, others sent in valuations of not the slightest value. In 1856, (chap.

252, sect. 10) the insurance commissioners were authorized to value policies at the expense of the companies, 'if they deemed it expedient'; but they did not. Finally, in 1858, a bill was presented remodelling the insurance commission, and adding to its duties that of valuing all the policies annually, at an expense to the companies of 1 cent for every \$1,000 insured. Valuations had never been made for any such trifling sum, and the scheme was pronounced by numerous opponents in both houses quixotic and impracticable. It was over and over defeated. I hardly numbered half a dozen positive friends, but they were hearty. Of these were Hon. William Fabens, in the Senate, and Hon. Julius Rockwell, the Speaker of the House. The mock sessions, however, were in full blast, and I supposed all was over with it. During this carnival of legislative glee some senator said to Mr. Fabens, 'Come, Fabens, you are the only man in the Senate that hasn't asked for some favor this session. What will you have?' 'Pass Wright's bill,' said the genial senator. 'Done,' said the other. While the chief opponents were away, the Senate came to order, suspended the rules, reconsidered its vote, and passed the bill; the like was done in the House, and in a few minutes it was a law. An appointment came to me under this law, as a matter of course, nobody else being prepared to do so much work for so little pay."

The new board, of which Mr. Wright was chairman, assumed control May 1, 1858, and the next few years were stirring ones in the history of life insurance supervision. Mr. Wright was well fitted for pioneer work. He was determined, persistent and of keen intelligence. He knew what he wanted to accomplish and his antagonists soon learned that his was the master mind in the discussion and presentation of life insurance problems. Powerful insurance interests opposed his recommendations, but they could not answer his arguments. He proceeded to show the scientific basis of life insurance, then that the net method of valuation is the proper one, and finally

that the policyholder in case of lapse is entitled to a fair proportion of the reserve on his policy. While actuaries knew that the proper basis of premiums is a mortality table and an assumed rate of interest, they were not agreed upon the question of net valuation; in fact, the gross method was in general use in England.

The work of the new commission was characterized by its efforts in behalf of the non-forfeiture act of 1861, by which probably it is best known, and also by the establishment in this country of the net method of valuation, which found in Mr. Wright a most able champion. Soon after he became commissioner it became his duty to examine into the condition of the International Life Insurance Company of England, which was transacting business here. The financial statement made to the department by the company on its own basis of computation of reserves gave an appearance of soundness. But Mr. Wright found, when he came to value its policies on a net basis, that the company was badly impaired and so notified it. At once a great controversy arose involving the merits of the English system of gross valuation and the new American method of net valuation. Mr. Wright reported the facts to the legislature, which was holding a special session in the summer of 1859. He set forth his side of the case in a masterly manner, showing that by the gross method companies were given credit for the present value of the future contributions of policies in force, including contributions for expenses of the company as well as cost of benefits promised, while there was carried on the other side of the account only the present value of the several amounts which would be paid as the proceeds of the policies, ignoring altogether the element of expense in carrying on the company, which was, in the case in question, at least 20 per cent. of all premiums collected. At the present day in this country a mere statement of the case is sufficient to carry conviction as

to which is the safe method, but in those days the method adopted by Mr. Wright was opposed by the interests, many and strong, which were better served by the gross method.

For the student of life insurance questions this old controversy has an absorbing interest not merely on account of the principles involved, but by reason of the skill and strength of the combatants, which made it a battle royal. The facts with reference to this celebrated case may be found in a volume entitled "Massachusetts Reports on Life Insurance, 1859-1865," which contained substantially the text of the life insurance reports of the Massachusetts commissioners for those years, with an appendix by Mr. Wright. In this volume also may be gathered the story of the passage of the Massachusetts non-forfeiture law of 1861, which Mr. Wright engineered through the legislature in his third year as commissioner. It was an accomplishment of great magnitude for those days. In his very first report to the legislature, Mr. Wright began to lay the foundation for a non-forfeiture law; that is, a law which would prevent a company from confiscating the policyholders' equities in lapsed policies. In that first report is the following clear-cut statement of the point at issue:

"If the insured pays his premium before the last minute of grace expires, the balance continues to be his and his insurance is kept good; but, if he does not, his balance goes to the company, by the conditions of the policy and the law of the land. He may have paid his premiums regularly for ten years and have several hundreds of dollars in the general fund, and yet because \$100 is not paid today, he may lose it all, and what is worse, if he dies his widow may receive neither the amount insured nor the value of his policy. It would hardly be deemed fair to have one's note protested in a bank where he had funds deposited to several times the amount for the express purpose of paying it. Turning from the literal

conditions of the policy to the reason and equity of it, we shall see that the analogy is sound and that a policy ought not to become void for non-payment of premium till the sum already paid has been exhausted in temporary insurance, or, in other words, till the policy has no longer any value, and nothing should be forfeited but the right to reinstate it."

In the report of 1859 the effort to create sentiment in favor of non-forfeiture was continued and a bill was introduced in the legislature which was bitterly fought by the companies and defeated. In that of 1860 the arguments for the measure were repeated with renewed force and vigor. The burden of the report of 1861 was non-forfeiture, for although the non-forfeiture law was passed before the report appeared, it is apparent that some of the companies, at least, were not happy over it, for Mr. Wright not only renewed his arguments but rebuked certain Massachusetts companies which were attempting to thwart the operation of the new law by a "little joker" provision inserted in the application for policies. But the main fight was won. Public inertia, prejudice, ignorance, the opposition of antagonistic and wealthy corporations, conservatism of the kind which always thinks the old better than the new—all had been overcome.

But it should not be inferred that the idea that there are equities in level premium life policies that should not be forfeited to the company in case those policies terminate by lapse was original with Mr. Wright. It had even been embodied in policies issued prior to its enactment into law in 1861, and by other companies had to some extent been adopted as a rule for settlement under lapsed policies. Indeed, in a pamphlet dated December 1, 1832, written by William Bard, president of the New York Life Insurance & Trust Company, which company long since ceased to exist, the statement is clearly made

that the office recognizes that after a policy has run a number of years it becomes of value to the insured, is a part of his property, and if he thinks it proper to use it during his life he receives back from the office no inconsiderable part of what he has paid in. It needed, however, a Wright to push the idea into prominence and make the just settlements conscientiously adopted by the few, the only settlements which would be proper for the many.

In the introduction to the volume above alluded to, Mr. Wright, after noting that the Massachusetts act of 1858 authorized a new annual test of the standing of life insurance companies, stated that the application of this test excited public interest enough to exhaust the regular editions of the reports of the insurance commissioners and to call for reproduction of a portion thereof.

It is interesting to note in this connection what Mr. Wright thought of his own work as expressed in that introduction:

“ In applying the legal test of the state, from year to year, and in advocating what seemed to us desirable forms of practice, controversies have arisen which have shown themselves more or less in the reports. So far as concerns our share in them, it would have gratified us to smooth off certain asperities from the record had our sense of fidelity to history permitted. The style also might have been made more concise and perspicuous as well as dignified, but its murders being already out, we let that pass, and confine ourselves to a correction of a few of the most annoying mistakes. Much of the labor involved in these reports is not required by law, *but is liberally paid for in the claim which it establishes for us to be thanked by grateful souls after our names are forgotten.*”

The italics are not in the original, but from the words so emphasized it is clear that Mr. Wright's work was

largely a labor of love, which he believed would have an important influence upon coming generations. He was right in that view as well as in his belief in the fundamental character of his work. The erection of a monument to show appreciation of what he accomplished would have far more to justify it than have many memorials which are set up by public or private means to commemorate men and their part in making epochs in history.

The Brief Survey

It is quite a step from the beginnings of state supervision to the present-day development of that department of state activity. Even in the last decade there has been a vast increase in the details of the work undertaken by a wide-awake insurance department. To keep abreast with the great strides of the insurance business and not lose its head in following its complexities and ramifications, supervision has a hard task, for it means much to minister to the needs of an active people, which needs are sought out and developed by the keenest minds of the age.

Let us take a look at what an insurance department undertakes to do under modern conditions and see whether its work can properly be said to be limited to "getting out reports and collecting fees and taxes" from companies and agents.

The work of supervision of insurance companies and their affairs consist chiefly in performing

- I. The duties imposed by statute.
- II. Those imposed by custom.
- III. Those which are assumed by the department on its own initiative to better the quality of the supervision.

The Duties Imposed by Statute

In the first division are found the most serious burdens and the degree of their weight depends upon the statutes

in force. The laws of the states are not uniform in this respect. The interpretation of those laws so far as they are similar is not the same either by the insurance commissioners of the various states or by the courts, and the character of the supervision under the same laws varies greatly with different commissioners in the same state with no change in the laws. This is where the personal equation appears and it has all values from nearly total inefficiency to a wise activity that raises the tone and character of the business wherever its influence extends.

A brief résumé of the statutory duties pertaining to insurance supervision will best help to an understanding of the scope and extent of those duties. The insurance commissioner has among his major duties the following:

(1) He must surround himself with a body of reliable helpers—not always an easy thing to do—consisting of deputies, examiners, actuaries, and experts for special service like real estate appraisals, besides such clerks and assistants as the needs of the work demand.

(2) He must supervise the incorporation of domestic insurance companies and by certificate authorize them to do business. This involves an examination of all the steps in the incorporation proceedings; an investigation to see if the proposed corporation has, if on the stock basis, the amount of capital required and all actually paid in, and, if on the mutual basis, has the amount of insurance applied for which the law prescribes, and finally involves the endorsement of or refusal to endorse the proceedings according as they have been found to comply with the law or not.

(3) He must require domestic insurance companies to keep their books, records, accounts and vouchers in such manner that their statements may be readily verified and a better opportunity afforded to ascertain if there has been compliance with the laws.

(4) He must take in charge the licensing of foreign

insurance companies, that is, companies incorporated in other states or countries. This involves the filing by the company of a properly authenticated copy of its charter, evidence that it is duly incorporated, a statement of its financial condition, evidence of the appointment of the insurance commissioner as attorney to accept service, notice of local agents appointed, and the remittance of fees. In case the company has its home in a foreign country, a deposit capital has to be arranged for in addition to the above and numerous other formalities observed, all of which, if the proceedings are to be legal and binding, must be done in a most careful and painstaking manner. It may take days and it may be months before a company has furnished all the evidence and documents required.

(5) He must require from companies annual reports as of December 31st of each year, for whose convenience and use in making such reports the insurance commissioner is required to prepare blanks, which blanks have grown into most formidable affairs and in their preparation involve no small amount of deliberation and no slight knowledge of insurance accounting.

(6) He must report to the legislature. In those reports there is usually included a statement of the receipts and expenditures of the department for the preceding year; a statement of the condition of receiverships of insolvent companies; an exhibit of the financial condition and business transactions of the several insurance companies as disclosed by examinations or by their annual statements; the presentation in such report of abstracts of such statements, with the commissioner's valuation of life policies; and such other information and comments relative to insurance and the public interest therein as the commissioner may deem proper.

The making of the abstracts of the annual statements of the companies, which the insurance commissioner is

required to present in his annual report to the legislature, involves much labor. It is necessary to check the new statement back to the preceding one to ascertain if its figures are consistent therewith; to test the consistency of each part with each other part, including the schedules, by an elaborate system of checking; to analyze its figures from beginning to end to ascertain whether any item is out of proportion and, if so, the reason therefor; to re-rate stocks and bonds if the company has not used the proper market value, and to compute the value of each security at the new rate and find the aggregate of the holdings; to put on a 3 per cent. basis, if that is the basis prescribed, all real estate not netting a 3 per cent. income to which a company has given a higher value; to compute the reserves on all life insurance policies, which means that, by the method in use in the Massachusetts department, over five and one-half million policies were severally valued for the report covering the business of the year 1909, besides the valuing of a great multitude of industrial policies by the "group" method; to ascertain if the investments of domestic companies are as required by law; to ask companies for explanations of discrepancies, corrections of errors, or to summon officers for a conference where the statement is so disjointed and incoherent that it cannot be handled by correspondence; finally, to make the abstracts which go to the printer for copy.

Reports so handled are not mere transcripts of figures furnished by companies, but carefully analyzed statements with the company figures changed wherever necessary, these changes being based on requirements of the law or information subsequently obtained from the company.

(7) The next important duty of the department is the examination of companies. Each domestic company must be visited and examined at least once in a certain

number of years either by the insurance commissioner personally or his representatives for the purpose of ascertaining its financial condition; its ability to fulfill its obligations; whether it has complied with the provisions of law; any other facts relating to its business methods and management and the equity of its dealings with its policyholders.

The insurance commissioner may on his own initiative make examinations whenever he deems it necessary and under some state statutes must make an examination of a domestic company upon the request of not less than five stockholders, creditors, policyholders, or persons pecuniarily interested therein, who shall make affidavit of their belief, with their reasons therefor, that such company is in an unsound condition.

(8) A duty of the insurance commissioner is to apply for an injunction restraining a domestic company from proceeding with its business if, as a result of an examination or otherwise, he is of the opinion that such company has exceeded its powers; failed to comply with any provision of law; or that its condition or management is such as to render its further transaction of business hazardous to the public, its policyholders or creditors; or that it has attempted or is attempting to compromise with its creditors on the ground that it is financially unable to pay its claims in full; or if, when its cash assets are less than its liabilities, it attempts, to the disadvantage of policyholders who have sustained losses, to prefer, or has preferred, by reinsurance, policyholders who have sustained no loss; or if insolvent.

(9) There is placed upon the insurance commissioner the same duty of examining a foreign insurance company admitted to do business in a state or applying for admission, when he determines it to be prudent for the protection of policyholders. He is required to revoke the authority of such company if, as a result of an examina-

tion or from other evidence, he is of the opinion that the company is in an unsound condition; has failed to comply with the law and the provisions of its charter; or that its condition is such that its further proceedings would be hazardous to the public or its policyholders; or if its actual funds, exclusive of capital, if it is a life insurance company, are less than its liabilities; or if its officers or agents refuse to submit to an examination; or if its officers or agents refuse to perform any legal obligation relative to an examination.

In all cases of revocation based on the grounds just enumerated, the company has a right to appeal to the courts for a review of the commissioner's act, except in case the revocation be for financial reasons. The commissioner has in some states full power also to revoke the authority of a foreign company if it insures a larger amount in a single risk than 10 per cent. of its net assets; if it reinsures a risk on any property, life or interest in the state in a company not duly authorized therein; or if it refuses or neglects to make the returns respecting reinsurances required by law. Besides these, there are many details relating to the affairs of a company which it is his legal duty to investigate to ascertain not merely that the company is financially sound but that it has obeyed the laws. He and his assistants must investigate for the purpose of ascertaining that such of a company's investments as are subject to law are made in accordance therewith; that the officers or directors are not using the funds for their own private gain; that banks of deposit are selected in the manner prescribed by law; that there is a voucher for each expenditure in excess of \$25; that the law is observed in elections of officers; that proper records are kept of the acts of the corporation, of the directors, and of committees thereof; if there is any evidence of unfair treatment of policyholders or their beneficiaries; if proper entries are made in the accounts

and that no obligations have been assumed which are not shown by the books; that all the assets shown belong to the company and that they are good for the amount which the company claims; that no funds of the company are used for unlawful purposes, such as political contributions, pensions and rebates.

(10) In another class is the duty of the commissioner to authorize agents and brokers, and the chief part of the income of some insurance departments comes from the fees required of agents and brokers. In Massachusetts in 1910 over 24,000 agents were licensed at a fee of \$2 each, and about 2,500 brokers at a fee of \$10 each. But the commissioner's duty in respect to them does not cease upon the issuing of licenses; he must revoke them when the holders thereof violate the law or give just cause. This means that he must consider all complaints, set investigations on foot, give hearings, and decide causes.

(11) Another most important duty of the commissioner grows out of the provision of the statutes of many of the states, a typical one of which reads as follows:

“ No policy of life or endowment insurance shall be issued or delivered in this commonwealth until a copy of the form thereof has been filed at least thirty days with the insurance commissioner; nor if the insurance commissioner notifies the company in writing within said thirty days that in his opinion the form of said policy does not comply with the requirements of the laws of this commonwealth, specifying his reasons for his opinion; provided that this action of the insurance commissioner shall be subject to review by the supreme court of this commonwealth; nor shall such policy, except policies of industrial insurance where the premiums are payable monthly or oftener, be so issued or delivered unless it contains in substance the following provisions:”

Then follow the provisions which must be observed in the issuing of life policies. It is the commissioner's duty

to decide whether the varying language in the contracts of all the different companies conforms to the requirements of the law, and whether the contracts in all other respects are fair and proper ones to be issued. In one state in a little over a year after the law was enacted four companies tested in the supreme court the soundness of a commissioner's decisions and upon only one minor point in a single case was the commissioner reversed.

A similar law is in effect in several states, which requires the departments to examine and approve or reject all accident and health policies—a task even more burdensome than that which pertained to examination of life policies.

(12) Other duties not to be lost sight of are the duty of an insurance department to examine the accounts of receivers of insurance companies and report to the general court the condition of receiverships; forward to the company interested one of the duplicates of the process served upon him as attorney and make a record thereof; collect and pay into the treasury of the commonwealth the fees required by law; preserve a record of his proceedings and examinations; appoint a third referee in certain cases to act with one chosen by the company and one chosen by the assured in the adjustment of a fire loss; notify domestic companies to make good any impairment of capital; supervise the increase or decrease of capital of a domestic company; and report violations of law to the attorney-general.

*The Duties Imposed upon the Insurance Commissioner
by Custom*

These include:

(1) Hearing the complaints of policyholders and of agents. Where there are so many hundred thousand of policyholders it is not to be supposed that they have no

differences with the insurance companies. These contentions usually arise over the question of the application of some provision of the contract to the case in hand; the failure of a company to pay as promptly as the policyholder thinks it should; the offer of what the policyholder regards as too small a sum in settlement; the failure of the policyholder to understand his contract; the attempt, sometimes, of a company to take advantage of the needs of the policyholder; the incompatibility of temper on the part of the two persons attempting to settle; and the making of false or misleading statements by agents.

(2) The answering of lawyers' questions for information about insurance laws is a common occurrence in an insurance department. Many a lawyer who has had little to do with insurance cases finds it much easier to go to a state department to ascertain what is the law which applies to a given case than to make a study of it and then not feel sure of his ground, for the insurance statutes have many pitfalls for the unwary attorney.

(3) Advising with companies which are having a hard struggle; consulting with those which desire to make changes; suggesting ways out of difficulties and admonishing those which have been reckless and improvident, are most important functions of an insurance commissioner. In the same field one insurance company will make a large profit from its underwriting, others will do moderately well, while another gradually grows poorer and poorer until its condition demands attention. In all such cases the insurance commissioner cannot properly call for a receiver; nor does he desire to do so if it can be avoided. He sometimes quietly calls together its directors or officers and points out that the road the company is traveling leads to ruin and advises that plans be adopted at once to stop the downward course. Work of this kind by an insurance department is never known

publicly. From its very nature publicity will defeat its purpose. But it is being done and is often crowned with success.

(4) Many persons come to the department, or write to it, asking for advice in taking out insurance policies. Manifestly, the commissioner cannot discriminate as between authorized companies, each of which under the law has an equal right with every other to appeal to the public for patronage unhampered by any official opinion from the one whose duty it is to present the facts concerning them without attempting to use his official position in favor of any. But such persons cannot be turned away empty-handed. If advice as to which company should be patronized may not be given, the circumstances of the inquirer may be ascertained, advice given as to the kind of a policy which will fit the case, cost of policies of various kinds, and information that will be of assistance in choosing a company.

*The Duties the Insurance Commissioner Assumes
on His Own Initiative*

Though in a sense voluntarily assumed, these can hardly be ignored by a competent commissioner, alive to the needs of the business, the best interests of the public, and the improvement of the companies which he supervises. They include:

(1) The effort to relieve companies of expensive burdens by uniting with commissioners of other states in formulating uniform blanks for the use of the companies in making their annual statements. How much this means to the companies may be appreciated if one will consider the time and expense which would be necessary if they were required to report to over forty states, each state furnishing a blank differing from that of every other state and made up to meet the differing views of over forty commissioners. This great reform

was brought about through an association of insurance department officials, wholly voluntary, called the National Convention of Insurance Commissioners. Besides settling questions relating to blanks, it takes up many other insurance questions which arise in the supervision of companies.

(2) The far-reaching and sweeping laws in most states relating to life insurance policies and what they shall contain are the result of an agreement between the various commissioners as to what standard provisions should be in such policies. This brought about a certain uniformity of contracts and laws which is of advantage to the public and at the same time relieves the companies of no small burden.

(3) The endeavor of the insurance commissioners to bring about uniform laws with reference to the taxation of insurance companies, the final outcome of which it is too early to predict.

(4) It has come about also, largely through the influence and work of the Commissioners' Convention, that the standard of supervision has been raised. We now see fewer calls upon insurance companies the only purpose of which is to afford an opportunity for presenting a bill for a so-called examination.

The breadth of the work voluntarily undertaken by the insurance commissioners as an association may be seen by a presentation of a list of its standing committees. These include laws and legislation; blanks; rates of mortality and interest; assets of insurance companies; reserves other than life; unauthorized insurance; fraternal insurance; and miscellaneous. Aside from these committees, special committees are from time to time appointed to investigate and report upon special matters, such as the formulation and adoption of standard provisions for life insurance policies; the changes needed to put companies doing a surety business on a more

secure footing; the expediency of obtaining from some expert the market values at the close of the year of all stocks and bonds held by insurance companies, these values to be furnished to each insurance company and each department; the investigation of the expenses of fire insurance companies; and the taxation of insurance companies.

It is thus evident that the insurance commissioners have not considered their duties done when they have discharged the obligations set forth by statute; nor when, individually and separately, each has done the things that have occurred to him as likely to result in advantage to the public whose servant he is. They have attempted to reap the fruits of the combined experience, knowledge, foresight, and practical wisdom possessed by all.

It would be easy to point out many cases which stand out with prominence in the field of work by insurance commissioners and with which their names will long be linked, were there opportunity to particularize. But, while pride in their achievements must be felt by every one conversant with them, sight should not be lost of the fact that the doing of the smaller every-day duties as they arise, the answering wisely the new questions always coming to the front, the handling of delicate situations without blundering, is hardly of less importance in the administration of such a trust as that given to an insurance commissioner.

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CHAPTER LXVIII
ANNUAL STATEMENTS OF INSURANCE
COMPANIES

BY H. PIERSON HAMMOND

THE statutes of each of the various states provide for the supervision of insurance companies. This supervising authority is generally vested in an insurance commissioner who is the chief executive officer of the insurance department. Each state insurance department not only exercises its authority over all companies domiciled in the state, but also over all companies of other states which are doing business in the state. Companies as a rule write risks in various localities, and hence come under the jurisdiction of several insurance commissioners. Each company renders its annual statement to the insurance departments of the states in which it is authorized to transact business. This statement is required to determine the financial status of the company, and to furnish information for the policyholders and the public. Formerly each state had its own form for such returns, and considerable confusion arose as to the proper method of compilation for each state. Fortunately, however, the states have agreed upon a uniform statement known as the Convention Blank. Much trouble is thus eliminated, and the public better informed. During recent years, public opinion has demanded a more strict supervision than formerly. As a result, the Convention Blank has been made more comprehensive by the addition of certain schedules and detail. The statements are systematically handled, audited and abstracted for publication in the annual reports of the insurance commissioners. Essentially there are two parts to the returns of each company, the financial statement,

and the schedules, the latter giving detailed information concerning investments, bank balances, salaries, claims, dividends, etc.

The preparation for the annual statement is begun by the companies before the end of the year in order to allow ample time in which to collect and arrange the data necessary for the final returns. Many companies have the majority of the necessary facts ready when the year closes. Recognizing the necessity for this advance preparation, the National Convention of Insurance Commissioners, at its annual meeting in Milwaukee (August, 1911), amended its constitution, so that the changes in the Convention Blank recommended each year by the Committee on Blanks would be finally acted upon in June. This makes it possible for the several state insurance departments to send to the insurance companies blanks covering the business of the current year some time before the end of the year. If extensive changes are made in the forms, the report of the Committee on Blanks is given such publicity by the middle of the year that practically all companies have six months in which to prepare for the final returns.

A large volume of correspondence finds its way into the various insurance departments, because those charged with the duty of compiling the annual statements for the companies do not carefully consider the blank in all its details from the standpoint of the insurance department as well as from their own. The statement must convey to the department complete and consistent information in the prescribed form. It should always be borne in mind that the company can look at the statement from the same view-point as the department, and, by inspection of its own work, eliminate many inconsistencies and errors before the date of filing.

The following "Instructions to Companies," taken from the Life Companies Convention Edition, as printed

by the Connecticut Insurance Department, have proved of great assistance to both the department and the companies.

“ 1. Please acknowledge on enclosed postal the RECEIPT OF THE BLANKS directly they arrive.

2. The DATES OF FILING statements are fixed by statute and cannot be extended.

3. The name of the company must be plainly written or stamped at the top of each page, and upon each duplicate returned.

4. PRINTED STATEMENTS will not be accepted. The schedules may be printed, provided they contain the information required, and are similar in size and arrangement to those contained in the blank.

5. BLANK SCHEDULES will not be accepted as meaning anything. If no entries are to be made write ‘ None ’ or ‘ Nothing ’ across the schedule in question.

6. CHECK MARKS will not be accepted as answers to interrogatories.

7. Companies are requested to send DUPLICATES OF SCHEDULES C, D and X, and in case such schedules are written or printed on both sides of the paper *two duplicates* should be returned, *making three copies in all*. When a duplicate schedule or exhibit has been attached to the blank such duplicate should be filled in without detaching and returned with the statement.

8. The BOOK VALUE of Real Estate, Bonds and Stocks, and the amount loaned on Mortgages and Collateral Securities entered as Ledger Assets, page 4, must in all cases prove with the book values of the preceding year, after taking into consideration the items affecting them, as shown on pages 2 and 3 and the corresponding schedules.

9. Various lines on pages 2, 3, and 4, interest, rent, profit and loss items, depreciation, appreciation, etc., must check with data furnished in the schedules just referred to.

10. Each company occupying its own building should

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enter an adequate rent for its own occupancy in Schedule A, and also on pages 2 and 3.

11. The schedules of Bonds and Stocks should be grouped in the following order, and each group arranged alphabetically, viz.:

- (a) Government bonds.
- (b) State, county and municipal bonds.
- (c) Railroad bonds.
- (d) Miscellaneous bonds.
- (e) Railroad stocks.
- (f) Bank and trust company stocks.
- (g) Miscellaneous stocks.

12. **BANK BALANCES.** In compiling Schedule E, enter bank balances on interest December 31st before those not on interest and show footing of the interest-bearing deposits to agree with such deposits given on page 4.

13. Credit for accrued interest on bonds should be taken in 'Interest due and accrued,' non-ledger assets, and not in the market value. No credit will be allowed for anticipated or declared dividends on stocks.

14. All profit, loss and general expense items must be itemized and entered in detail on pages 2 and 3.

15. If the Annual Statement and Schedules do not contain the information asked for in the blank, or are not prepared as requested above, they will not be accepted by this department."

The auditor of each company in carrying into effect the above instructions, and inspecting his returns before filing the same, should also bear in mind that the objects of the departmental audit of a statement are primarily to determine that

- 1. The statement is complete.
- 2. The returns are free from clerical errors.
- 3. The form is correct and unaltered.
- 4. The statement is consistent with that of the previous year.
- 5. The statement itself is consistent, that is, that the

financial statement, schedules, etc., properly agree with each other.

6. The statement appears consistent with the statutory requirements.

Convention Blanks

There are five uniform annual statement blanks now in use:

1. The Life Blank, used by companies transacting the business of life insurance.

2. The Fire Blank, used by stock companies transacting the business of fire and marine and inland insurance.

3. The Miscellaneous Blank, used by companies transacting accident, health, liability, plate glass, steam boiler, credit, sprinkler, title and live stock insurance, and those transacting business as surety on obligations of persons and corporations.

4. The Fraternal Blank, used by secret or fraternal societies.

5. The Assessment Blank, used by associations or corporations not operating on the lodge system, with a representative form of government, but which are transacting the business of life or accident insurance upon the assessment plan.

To this list could be added two more blanks which are based upon the convention edition of the fire blank, but which have not yet been adopted by the National Convention of Insurance Commissioners, viz.: the *Foreign Fire Blank*, used by the United States branches of foreign fire insurance companies, for reporting their business transactions in this country, as distinguished from their operations in foreign countries and Canada, and the *Mutual Fire Blank*, used by fire insurance companies operating upon the mutual plan without capital stock.

Form of Financial Statement

It would be impracticable for present purposes to print a complete copy of any one blank. We may, however, give in this connection a condensed financial statement form, based upon the Convention Edition, 1912. This form exhibits comparatively the various items of income, disbursements, assets and liabilities common to the annual statements as rendered by life, fire and miscellaneous or casualty companies, and at the same time indicates the special items which are peculiar to the different lines of risks reported by these classes of companies (see Illustration I).

Financial Schedules, Form and Methods of Verification

In the statement of each company there are a number of schedules which have an important bearing on the annual returns and which should be considered in this connection. These schedules are designated by letters, and are divided for convenience into two classes, Financial Schedules, and Special or Statistical Schedules.

The form of the financial statements of life, fire and miscellaneous companies contains items of invested assets, interest, dividends, "schedule profit and loss items," non-ledger interest and rent items, etc., which are common to these three blanks, and which, as a matter of fact, appear uniformly in the various convention forms. It naturally follows that the schedules giving the data upon which this information in the financial statement is predicated are also practically uniform in the various blanks. The financial schedules, as styled herein, are as follows:

- Schedule A. Real estate.
- Schedule B. Mortgage loans.
- Schedule C. Collateral loans.
- Schedule D. Bonds and stocks.

Schedule N. (Schedule E in the Life Blank) Bank balances.

Schedule X. Unlisted assets.

The appended forms are abridgments of Schedules A, B, C, and D, as they appear in the 1912 edition of the statement blanks, the numbers over each column being introduced in this article for purposes of reference. (See Illustration II.)

SCHEDULE A. This schedule is divided into three parts. The first contains list of real estate owned on December 31st of the year of statement, together with various details; part two deals with real estate acquired during the year, and part three with the sales made during the year. An examination of this schedule shows that the data required are intended to indicate the methods used by the company in handling its real estate transactions, as well as the usual items of profit and loss, income and expense.

The schedule, if consistently and correctly compiled, will balance "between years." This test, if applied as illustrated below, should result as indicated. If the schedule does not check in this manner it is probable that an error exists somewhere in the data, or that the method of reporting is not the one contemplated by the form of the schedule.

Book Value Real Estate December 31st, 1911, per statement of previous year	\$.....
Add:—	
Profit on Sales, Part 3, (9)	\$.....
Increase by adjustment, Part 1, (8), and Part 3, (5)	
Cost of property acquired, Part 2, (5) and (6)	
Total	\$.....
Deduct:—	
Loss on Sales, Part 3, (10)	\$.....
Decrease by adjustment, Part 1, (9), and Part 3, (6)	
Received for property sold, Part 3, (8)	
Balance, Book Value, December 31, 1912	\$.....

In applying this test, the price paid by the company for real estate acquired and the amount received for real estate sold, and not the book value, is used. This brings

into the balance between years the adjustments made in the book value of real estate purchased during the year, and shows whether the adjustments in question have been properly recorded in the schedule.

In Part 3, the difference between the book value on date of sale, and the price received should balance with the net profit or loss, as shown in the two columns (9) and (10).

The cost of permanent improvements should be entered in Part 2, Column (6) and not in Column (5). If a part of the amount thus expended is to be charged off, and not included in the book value of the property, it should be shown as a decrease by adjustment in Part 1, Column (9) if the property remains in the possession of the company at the end of the year; or in Part 3, Column (6), if the property is sold during the current year.

SCHEDULE B. This schedule is not divided into parts, as in the cases of schedules A, C, and D, the balance being effected horizontally by adding to the outstanding mortgage loans of December 31, 1911, those made during 1912, and deducting the amount of principal paid on account or in full.

Schedule B, in its present form, contains a mass of information of little or no value to insurance departments, and should be materially changed. The data concerning each mortgage loan are as a rule valuable only in case of examinations, and should not be spread in a printed, voluminous schedule each year. Each loan should be evidenced by a card on file in the insurance department of the state in which the company making the loan is domiciled. These cards should be classified by states, summarized and certified to by the insurance commissioner. This certificate should be accepted by the insurance commissioners of all states in which the company is licensed to do business, in the same manner in which valuation certificates are now accepted.

SCHEDULE C. This schedule, relating to collateral loans, is divided into three parts, namely, Part 1, collateral loans outstanding at the end of the year; Part 2, loans made during the year; and Part 3, loans discharged in whole or in part. The importance of this schedule lies in the fact that it calls for complete information concerning released and substituted collateral, and the identity of the actual borrower in the case of each loan. The schedule must be accurately compiled so as to be consistent with the returns of the previous as well as those of the present year.

SCHEDULE D. This schedule relates to bonds and stocks, and is divided into four parts, namely, Part 1, bonds owned at the end of the year of statement; Part 2, stocks owned; Part 3, bonds and stocks acquired during the statement year, and Part 4, bonds and stocks disposed of during the same time. The details asked for are sufficient to properly describe each security dealt in, and the nature of the transaction. After the schedule is completed it should be tested for balance "between years" by a method similar to the one applied in the case of the schedule of real estate.

Book Value, Bonds and Stocks, December 31, 1911, per statement of previous year.....	\$.....
Add:—	
Profit on Sales; Part 4, (10).....	\$.....
Increase by adjustment (including accrual of discount); Part 1, (11), Part 2, (8), and Part 4, (8)	
Cost of Bonds and Stocks acquired, Part 3, (4)....	
Total.....	\$.....
Deduct:—	
Loss on Sales, Part 4, (11).....	\$.....
Decrease by adjustment, (including amortization of premium) Part 1, (12) Part 2, (9), and Part 4, (9).....	
Received for Bonds and Stocks sold, Part 4, (4)...	
Balance, Book Value, December 31, 1912..	\$.....

In applying this test, the price paid for securities purchased is used, and not the book value, for the same reason as that given in connection with the test of Schedule A. Some companies prefer to enter their securities at

par, rather than at cost. If this is done, the difference between the cost of the securities (less, accrued interest in the case of bonds) and the par value, becomes an adjustment in book value, and should be so entered in the schedule.

Part 4, showing the bonds and stocks sold, should balance, that is, the difference between the book value at date of sale, and the consideration should equal the net profit or loss as shown in the profit and loss columns, (10) and (11).

SCHEDULE N. This schedule is one which shows the bank balances outstanding at the end of each month during the year of statement, together with the name of the depository in each case, the rate of interest paid the company, and the amount of interest received. This schedule is intended to show to what extent various banks are being used as depositories, and which of the company's deposits are drawing interest.

The corresponding schedule in the life blank, Schedule E, differs from Schedule N in that the largest balance carried in each bank each month is asked for, instead of the balance on the last day of the month.

SCHEDULE X. This schedule, known as the schedule of unlisted assets, should contain a list of all assets which do not appear elsewhere in the statement. Bonds, stocks, loans, etc., which have greatly depreciated in value are, many times, charged off from the statement and entered in this schedule. If the assets so charged off are bonds or stocks, they should appear in Schedule D, part 4, as being disposed of at a loss. If, at a later date, the values increase sufficiently to carry them again as ledger assets, or an opportunity is offered to sell them, the securities in question should be brought back into the ledger accounts of the company, through Schedule D, Part 3, and, if disposed of, entered in Part 4 as being sold.

Application of Schedules to Financial Statement

Having illustrated the forms of the financial statement and the related schedules, the next step is to show the connection between the two, by indicating the methods used in checking the items in the statement from the columns in the schedules. In Illustration I, the various items of the financial statement are combined under descriptive headings. To show practically how various entries in the annual statement of a company depend on the financial schedules for their accuracy, the "schedule items" of the Life Blank, 1912 edition, are given completely under the descriptive headings used in the condensed form with references to the corresponding columns in the schedules.

INCOME

Interest and Rents

Item 23. "Gross interest on mortgage loans, per Schedule B, less \$ accrued interest on mortgages acquired during 1912."

Item 24. "Gross interest on collateral loans, per Schedule C."

Item 25. "Gross interest on bonds and dividends on stocks, less \$; accrued interest on bonds acquired during 1912, per Schedule D."

Item 27. "Gross interest on deposits in trust companies and banks, per Schedule E."

Item 32. "Gross rent from company's property, including \$ for company's occupancy of its own building, per Schedule A."

Schedule Profit and Loss Items.

Item 41. "Gross profit on sale or maturity of ledger assets, viz:—

- (a) Real Estate, per Schedule A.
- (b) Bonds, per Schedule D.
- (c) Stocks, per Schedule D."

Item 42. "Gross Increase, by adjustment in book value of ledger assets, viz:—

- (a) Real Estate, per Schedule A.
- (b) Bonds, per Schedule D, (including \$ for accrual of discount).
- (c) Stocks, per Schedule D."

Schedule References

Schedule B. Column (8) equals the net amount extended plus the accrued interest entered in the item itself.

Schedule C. Part 1, Column (11) plus Part 3, Column (8).

For accrued interest on purchases see Schedule D, Part 3, Col. (7); for gross interest and dividends use sum of amounts in Part 1, Col. (10), Part 2, Col. (7) and Part 4, Col. (12).

Total of interest column, Schedule E.

Schedule A, Part 1, Columns (10) and (11) plus Part 3, Column (11).

Schedule A, Part 3, Column (9)

Schedule D, Part 4, Column (10)

Schedule A, Part 1, Column (8) plus Part 3, Column (5)

Schedule D, Part 1, Column (11) plus Part 2, Column (8) plus Part 4, Column (8)

DISBURSEMENTS.

General Expense Items and Taxes.

- | | |
|--|---|
| Item 30. "Repairs and expenses (other than taxes) on real estate." | } Schedule A, Part 1, Column (10) plus Part 3, Column (12). |
| Item 31. "Taxes on Real Estate." | |

Schedule Profit and Loss Items.

- | | |
|--|------------------------------------|
| Item 46. "Gross loss on sale or maturity of ledger assets, viz:— | |
| (a) Real Estate, per Schedule A. | Schedule A, Part 3, Column (10). |
| (b) Bonds, per Schedule D. | } Schedule D, Part 4, Column (11). |
| (c) Stocks, per Schedule D." | |

Item 47. "Gross decrease, by adjustment, in book value of ledger assets, viz:—

- | | |
|---|---|
| (a) Real Estate, per Schedule A. | Schedule A, Part 1, Column (9) plus Part 3, Column (6). |
| (b) Bonds, per Schedule D, (including \$..... for amortization of premium). | } Schedule D, Part 1, Column (12) plus Part 2, Column (9), plus Part 4, Column (9). |
| (c) Stocks, per Schedule D." | |

LEDGER ASSETS.

Invested Assets.

- | | |
|---|--|
| Item 1. "Book Value of Real Estate, per Schedule A." | Schedule A, Part 1, Column (6). |
| Item 2. "Mortgage loans on real estate, per Schedule B, first lien \$.... other than first liens \$....." | Schedule B, Column (5) |
| Item 3. "Loans secured by pledge of Bonds, Stocks, or other collateral, per Schedule C." | Schedule C, Part 1, Column (5) |
| Item 6. "Book value of bonds, \$.....; and stocks, \$.....; per Schedule D." | Schedule D, Part 1, Column (4) plus Part 2, Column (2) |
| Item 8. "Deposits in trust companies and banks not on interest, per Schedule E." | } Schedule E. Balance Dec. 1, 1912. |
| Item 9. "Deposits in trust companies and banks on interest, per Schedule E." | |

NON-LEDGER ASSETS.

Interest and Rents due and accrued.

- | | |
|--|---|
| Interest due, \$..... and accrued \$..... | |
| Item 13 on Mortgages. | Schedule B, Columns (6) and (7). |
| Item 14 on Bonds. | Schedule D, Part 1, Column (9). |
| Item 15 on Collateral loans. | Schedule C, Part 1, Columns (9) and (10). |
| | Not provided for. |
| Item 20. "Rents due \$..... and accrued \$..... on company's property or lease." | |
| Item 22. "Market Value of Real Estate over book value, per Schedule A." | Schedule A, Part 1, Column (7) minus Column (6). |
| Item 23. "Market value of Bonds and Stocks over book value, per Schedule D." | Schedule D, Part 1, Column (7) minus Column (4) increased by Part 2, Column (5) minus Column (2). |

DEDUCT ASSETS NOT ADMITTED.

Item 43. "Book value of Ledger Assets over market value, viz.:"—	Schedule A, Part 1, Column (6) minus Column (7).
Real Estate.	Schedule D, Part 1, Column (4) minus Column (7), increased by Part 2, Column (2), minus Column (5).
Bonds and Stocks.	

Special and Other Schedules

In addition to the financial schedules, a number of other schedules have been incorporated in the convention blanks, to bring out important details and information.

LIFE BLANK. Schedule F is devoted to the particulars concerning claims resisted or compromised. The total amount of claims listed as being resisted at the end of the year of statement should agree with such claims entered as a liability in the financial statement.

Schedules G and H are salary schedules giving details concerning salaries, compensation and emoluments paid to officers, to directors, to representatives for agency supervision, and to any person, firm or corporation where the sums paid have amounted to more than \$5,000 during the current year.

Schedule I shows all commissions paid on loans or on the purchase of any property during the year, and Schedule J gives the details of the legal expenses for the same time.

Schedule K is intended to develop facts concerning payments made in connection with matters before legislative bodies and government departments.

The proceedings at the last annual election of the company, including the names of candidates for directors or trustees, number of votes cast in person or by proxy, etc., are given in Schedule L. Since this schedule has been in the blank, it has been evident from the returns filed that the policyholders entitled to vote at elections in mutual companies have not availed themselves of the privilege to any extent.

Schedules M, N, O and P are known as the dividend schedules. They reveal facts concerning the payment of and the amount reserved for dividends on participating policy contracts. Schedules M and N are constructed so as to show respectively the rates of annual and deferred dividends which are being actually paid during the year of statement on the different kinds of contracts issued in previous years. Schedules O and P are used to show the amounts which have been set apart, declared, or held, awaiting apportionment upon deferred dividend policies. The former of these two schedules shows the amounts set apart per \$1,000 of insurance issued during various years on different plans and at different ages. Schedule P, which is a summary of Schedule O, shows in detail the total amount set apart on all policies, with deferred dividends, as contrasted with the rate per \$1,000 of insurance given in Schedule O.

FIRE BLANK. No special schedules have been added to the fire blank. During the meeting of the Committee on Blanks of the National Convention of Insurance Commissioners, held in May, 1911, methods of arriving at unearned premiums for fire insurance companies were fully discussed. It was proposed at that time to include in the blank a special schedule showing the gross premiums charged and the amount at risk by month of expiry. After considering the matter, and consulting with the officials of the prominent fire insurance companies domiciled in Connecticut, Massachusetts and New York, the committee decided that it was unwise to change the method of calculating the unearned premiums.

MISCELLANEOUS BLANK. Owing to the number of lines of risks reported by casualty companies in the Miscellaneous Blank, it has been necessary to add special schedules to this blank.

Schedule G, relating to losses and claims incurred on fidelity, surety, and credit risks, calls for a tabulation of

the unpaid losses as returned in each annual statement for the years 1900-1911 inclusive. The payments on account of these unpaid losses are entered by year of payment, totaled, and the liability remaining on December 31, 1912, stated. These returns are of importance to insurance departments because an examination of them shows whether or not the company is underestimating its liabilities in these respects.

Schedule H gives a list of the salvage received during the year.

Schedules J and K relate to fidelity and surety losses and claims only, the former schedule referring to outstanding claims which were unpaid at the beginning of the year of statement, and the latter to those concerning which notice was received during the year of statement, and which remained unpaid at the end of that year.

Schedule O is divided into two parts; the first relating to losses and claims other than liability claims, and the second to liability losses and claims.

Schedule P is a new schedule added to the blank this year to give the details of the calculation of the special reserve for unpaid liability losses. This is referred to later under the heading of "Special Loss Reserves."

"Paid-For Basis" and "Written Basis"

Statements of insurance companies are rendered on either what is known as the "Paid-For Basis" or the "Written Basis." The Life Blank is constructed on a paid-for basis, but some states require the returns of life companies to be made on the written basis. These terms, as used in the case of the statements of life insurance companies, apply not to the premium income but to the reserve calculations and the uncollected premiums. If the condition of the company is to be ascertained upon the paid-for basis, which is the more common, the only uncollected first year premiums to be credited in non-

ledger assets are the semi-annual and quarterly instalments of such first year premiums, the first instalment of which has been paid and so reported. If, on the other hand, the condition of the company is to be ascertained on the written basis, all first year outstanding premiums, whether reported as paid or not, should be entered as uncollected.

The Fire Blank is constructed on the written basis. Here this term refers to the method of reporting the premium income, and the other items affected thereby. Item 5 of the income page of this blank calls for "Gross Premiums." This term is defined in a footnote: "By Gross Premiums is meant the aggregate of all the premiums written in the policies or renewals." Hence it is plain that the premiums entered are not premiums which have been paid or received in the usual sense of the word, but premiums "written in the policies or renewals." This entry is reduced by the gross amount paid for reinsurance and return premiums, leaving item 7, "Total Premiums." It naturally follows that the uncollected premiums or agents' balances, as they are designated, become a ledger asset and not a non-ledger asset, as they appear in the Life Blank.

Item 5 of disbursements, "Commission or brokerage," should be returned on the same basis as the premiums, namely, on the written basis. Many companies, however, enter in this item only such commissions as are actually paid, which does not seem to be a logical method to follow. If the more correct method is followed, the agents' balances carried in ledger assets have to be adjusted in consequence. It has been suggested that the present lines in the blank be amended so as to show "agents' balances less \$. return premiums, commissions and reinsurance."

Item 20 of liabilities provides a place for commissions or brokerage due agents. This item, as stated in a foot-

note, "is to cover commissions, brokerage, etc., which have not already been charged off in Item 5 of disbursements." The amount entered in this item by companies consistently and correctly reporting premiums written, and the corresponding commissions is, as a rule, insignificant.

Amortization

In view of the fact that bonds are purchased as a rule at a premium, or at a discount, namely, for an amount different from that which will be realized at the date of maturity, such investments make a special class. It has been recognized that, inasmuch as the bond investments of life insurance companies are made usually to be held until maturity, the market value of these securities has no real bearing upon the financial status of the companies. It follows, therefore, that the premium or discount should be accounted for at regular intervals, on the basis of effective rate of interest, so as to make the book value of the bonds at the date of maturity the same as the amount to be realized from such investments at that time. These changes, or adjustments in the book value of bonds at stated intervals, are provided for in the Life Blank on the income and disbursement pages; the increase by adjustment being modified by adding "including \$. for accrual of discount," and the decrease by adjustment by adding "including \$. for amortization of premiums." In addition, the schedule in the Life Blank as used by the New York Insurance Department, showing all bonds owned by the company (Schedule D, Part 1) is amended by adding special columns to bring out the necessary data referring to amortization. (See Illustration III.)

Classification of Disbursements

Under this title, and referring particularly to life companies, the Committee on Blanks in its report to the

Executive Committee of the National Convention of Insurance Commissioners, dated June 19, 1911, stated:

“ There was presented for the consideration of the committee a partial report of the result of the several conferences between the representatives of the New York Department and some of the life companies of New York state looking to the preparation of a code of instructions to life companies as to the proper return of disbursement items. It was apparent that this question was of such magnitude that if the action called for by the Mobile convention in this direction was to be followed, it would be necessary for a special committee to give consideration thereto. Such a committee was appointed, consisting of the representatives of Connecticut, Massachusetts and New York.”

It might be stated in addition that the representatives of the fraternal orders have taken up the matter of a uniform system of accounting as to the disbursement items which enter the annual returns of secret or fraternal orders.

The question is, however, much broader and much more important than has thus far been indicated. The scope of this article cannot allow a complete discussion of the matter but, briefly, there exists lack of uniformity in three particulars, viz.:

1. In the form of the various statements.
2. In the compilation and methods of returning the items, and
3. In the treatment of such returns by insurance departments when making examinations and auditing statements.

General and specific expense items which in themselves are not insurance expense items are found in different blanks differently stated, and are compiled and returned upon different bases by different companies. Probably the most important point mentioned is the third, namely,

the diversity of the requirements of state insurance departments. This more particularly applies to the miscellaneous items under "other disbursements."

Two or three years ago, the Connecticut Insurance Department, in auditing the annual statements, called for the details of "blanket" or general expense items. The first returns demonstrated that companies in many instances did not make any attempt to make correct returns in this particular. Many items were found written in for which printed lines had been provided. The net result, however, is that the several insurance departments are now in the habit of requiring additional information in great detail. Much of this detail should be eliminated, the rest classified and items printed in the blanks to cover the information. It is to be hoped that, when the work of classifying disbursements is completed, the committee in charge will prepare an official pamphlet or key giving in detail what each printed item covers so as to uniformly define for state insurance departments and companies alike, the debits and credits to be made to each account affected, and to thus effectually eliminate much of the present "patchwork" on the blanks themselves.

Policy Reserves

"The net present value of all the outstanding policies in force on the 31st day of December, 1912," is the first item of liabilities in the Life Blank. This reserve is based upon mathematical calculations made by the life insurance companies and checked by means of similar calculations made under the supervision of the insurance commissioners of the states in which the companies are domiciled.

The Connecticut Insurance Department has on file a card for each policy issued by Connecticut companies which was in force on December 31, 1911. During the course of the year each company files a list of its policies

in force which is checked with the "issue cards" in the department, or with the net amount in force, as shown on the listing sheets of the previous year. Whenever policies are terminated or changed the facts are transmitted to the insurance department on "termination cards" and on "change cards." These cards are sorted and posted on the "valuation sheets," and the net present value of the outstanding insurance calculated. The company's calculation is thus verified, and its accuracy certified to by the insurance commissioner for the use of the insurance departments of other states in which the company is licensed to do business. (See Illustrations IV and V.)

The calculation of the unearned premiums in the case of fire and casualty companies is done by the companies and shown in exhibits which are made a part of the convention blanks. The fractions unearned, as used in the case of fire companies, are usually correct, and show on the average a proper unearned premium reserve. In the returns of companies which have been writing business for a comparatively short time, or of companies which have been increasing the amount of their writings, the fractions unearned should be changed so as to indicate the unequal distribution of risks. In the illustration it will be noted that the unearned fraction entered for perpetual risks is 90 per cent. This applies to a special form of policies issued on risks located chiefly in Pennsylvania, known as perpetual policies. The owner of the property makes a deposit with the company, the income from which is supposed to take care of the risk. In case the policyholder surrenders his contract he, as a rule, receives 90 per cent. of the deposit premium. (See Illustration VI.)

Reserve for Losses and Claims

Liabilities are entered in annual statements to cover losses and claims which have not been paid. The prin-

cial point to bear in mind in this connection is that a loss occurring prior to December 31st of the year of statement is incurred and should be entered as a liability whether notice has been received at the office of the company or not. Such items have to be estimated many times, but the work, if done carefully, will always produce results which will be sufficiently correct for all practical purposes. The wording in the Life Blank, 1912 edition, to bring out the facts is "Claims for death losses incurred for which no proofs have been received," and in the Fire Blank, "Gross claims for losses in process of adjustment or in suspense, plus \$. reserve for losses incurred prior to December 31, of which no notice had been received on that date."

Special Loss Reserves

Owing to peculiar conditions which surround the settlement of losses sustained on certain lines of risks, special loss reserves have to be provided. Brief reference to two or three such reserves will serve to illustrate the point.

CREDIT LOSSES. Credit insurance policies indemnify the assured in case of loss due to insolvency of creditors only when such loss is in excess of the usual or average of such losses sustained by the assured. Although notices of loss must be filed promptly, no claim under a credit policy is payable until the policy has expired, the assured being allowed thirty days after the date of expiry to make a claim, and the insurance company sixty days additional for purposes of investigation. Two elements of liability are introduced which need special reserves. (1) A reserve must be maintained to cover credit losses on policies which, although out of force on December 31st of the year of statement, expired during the months of October, November and December next preceding. This reserve covers the period after expiry, during which time the assured can make claim and the

insurance company make the necessary investigations. This reserve is 50 per cent. of the gross premiums on such policies less any amounts paid out on losses under said policies. (2) If claims for credit losses cannot be made until the policies have expired, that part of the premium generally termed "earned" is not earned within the usual meaning of the word. Hence a special reserve for accrued losses on credit policies *in force* is maintained equal to 50 per cent. of the *earned* premiums on such policies.

EXCISE LOSSES. In New York state excise risks are written annually on October 1st, to expire on September 30th following. Therefore, an unearned premium reserve of 75 per cent. is necessary on December 31st of each year. The question has been raised as to what additional or special reserve should have been carried on December 31, 1910, and December 31, 1911, on risks which expired on September 30, 1910. The excise law, until amended recently, permitted an action to be brought "within two years from date on which cause of action accrued." It is evident, therefore, that the annual statements as of December 31, 1910, should have included a special reserve to cover such accrued excise losses. I give herewith a calculation based upon the results of excise bonds written in New York state during the past few years. This calculation was made by an officer of one of the casualty companies writing this class of risks, and illustrates the importance of the matter under discussion.

Net Premiums received, \$653,525.40.

Anticipated gross loss ratio thereon on all claims made, and to be

made thereunder—50%.....	\$327,000.00
Loss claims made to and including December 31, 1910.....	125,576.79
Probable further gross claims to be made after December 31, 1910..	\$200,000.00
Deduct probable salvage to be recovered thereon—20%.....	40,000.00
Probable future <i>net</i> loss on claims likely to be made after December 31, 1910.....	\$160,000.00

In June, 1911, the New York excise laws were amended, limiting the time for suit on excise bonds to nine months,

instead of two years. This change has caused the excise department to bring suits more promptly than heretofore. Hence the amount which should have been reserved on December 31, 1911, for probable suits and claims on bonds which had expired on September 30, 1911, was undoubtedly less than the results given above.

LIABILITY LOSS RESERVE. During 1910, committees of insurance commissioners, and company representatives, met and considered various methods of determining adequate reserves for unpaid liability losses. Considerable time was spent by the accountants of the liability companies, preparing data and calculating reserves, according to the various methods proposed. The result showed that amendatory legislation was necessary and important. Protracted discussion brought the companies and commissioners into accord, and a uniform model bill was prepared, which has been passed in several states. This law is too extensive, and too technical, to discuss at length in this article. To indicate how the final reserve of liability companies is calculated and the general results of this calculation at the end of 1911, I append an abridged form of Schedule P of the Miscellaneous Blank (see Illustration VII) and a summary of the returns as presented by the Insurance Commissioner of Connecticut in his recent annual report (May 24, 1912).

Omitting, for the sake of brevity and clearness, all contingent reserves and all reference to losses under workmen's compensation policies for which provision is made in the law, the liability loss reserve, as reported at the end of 1911 to the Connecticut Insurance Department by corporations doing this class of business, was made up essentially of four items, as follows:

- | | |
|--|-------------|
| (1) A reserve for all suits being defended under policies written prior to 1902, \$1,000 for each suit, | \$43,000 00 |
| (2) A reserve for all suits being defended under policies written during 1902-1906 inclusive, \$750 for each suit, | 515,250.00 |
| (3) A reserve under policies written during 1907-1909 inclusive, equal either to \$750 for each suit being de- | |

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	fended, or to the remainder, whichever is the greater, left after deducting payments for claims and expenses from that part (in no case less than 50%) of the earned premiums on such policies, which, according to the results experienced by the company on its writings during the five year period, 1902-1906, including suits at \$750, would be ultimately used to meet future claims and loss expenses.....	\$3,810,805.01
(4) A	reserve under policies written during 1910 and 1911, equal to the remainder left after deducting payments from the same proportion of the premiums earned on such policies as described in item (3), the payments already made for claims and loss expenses,.....	7,699,545.24
	Total reserve,.....	<u>\$12,068,600.25</u>

To determine the remainder referred to in items (3) and (4), each company which had been writing liability insurance for a period of ten years or more, used, according to the statutes, a loss ratio based upon its own experience during the first five of the last ten years, or 50 per cent, whichever was the larger. A company, on the other hand, which began writing this class of business after January 1, 1902, used the 50 per cent loss ratio without reference to its own experience. The law provides further that this fixed minimum loss ratio shall increase one per cent for each year of statement, until a ratio of 55 per cent is reached. Judging from the recent returns, it appears that the loss ratios fixed by the statute are not high enough. Those which are derived from the tabulated returns of the companies which have been writing business for ten years or more are derived from an experience that is over five years old. This experience, even though it may be a completed experience, is too remote to reflect present conditions and changes. A higher fixed loss ratio for all companies, irrespective of their past experience, may become a necessity.

A consideration of the items which make up the total reserve of \$12,068,600.25 shows that less than 5 per cent of this amount covers policies written over five years ago, that practically 30 per cent covers policies written during 1907, 1908 and 1909, and nearly 65 per cent covers

the writings of 1910 and 1911. Considerable importance, therefore, attaches to the reserve required on the writings of the last two years. The "Remainder" (see Illustration VII) is the reserve by statute. It should be noted that no suit test is applied, so that in cases where companies have paid out more for losses and expenses than had been set aside from the earned premiums for such purposes, the remainder is negative and nothing is reserved for future payments. The law does not refer to pending suits as a basis for the calculation, but suits which were outstanding are ultimately going to cost the companies something to settle and should be taken into consideration in ascertaining the reserve.

Underwriting and Investment Exhibit

This exhibit, introduced in the Fire Blank in 1909 and in the Miscellaneous Blank in 1910, is intended to show the sources of the changes in surplus during the year of statement. The compilation of this exhibit presents no serious difficulties. The results, however, add valuable statistical information to the annual statements, most of which is summarized and printed in the reports of the insurance commissioners. The total results based upon the business done by fire and marine insurance companies during 1911, as printed in the 1912 report of the Insurance Commissioner of Connecticut, are reproduced for illustration herewith.

Premiums Earned.....	\$260,317,763.60	
Other Underwriting Profit and Loss Items Earned..	267,234.49	\$260,584,998.09
Losses Incurred.....	\$147,377,741.97	
Underwriting Expenses In- curred.....	106,925,594.27	
Other Underwriting Profit and Loss Items Incurred	305,287.28	254,608,623.52
Underwriting Gain in Sur- plus.....		\$5,976,374.57

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Interest and Rents Earned	\$22,058,270.18	
Profit on Investments....	4,877,043.24	\$26,935,313.42
Loss on Investments.....	\$3,880,642.60	
Investment Expenses In- curred.....	2,178,820.34	6,059,462.94
Investment Gain in Surplus.....		\$20,875,850.48
		26,852,225.05
Decrease in Surplus on Dividend Account and Loss in Surplus from other Sources.....		15,574,400.09
Net Gain in Surplus during 1910.....		\$11,277,824.96

The Fraternal Blank

This blank in general is similar to the other convention forms and presents but two or three special points for consideration. In view of the fact that secret or fraternal societies maintain different funds, the income and disbursement pages are divided into columns which provide for the returns of different funds and a total of all funds. The balance brought forward from the previous year, and the balance arrived at at the end of the year, show the condition of each fund as well as the total showing of the order.

A schedule of membership appears on page 6 of the fraternal blank, a summary of which is given herewith (see Illustration VIII). Returns on this form are not required from associations that do not promise natural death benefits.

The Assessment Blank, adopted by the National Convention of Insurance Commissioners in 1911 is based upon the form of the Fraternal Blank.

General Comments

No claim is made for originality as to the facts stated in this article. The aim has been to present the main facts concerning the present Convention Blank as it is, without giving consideration to all the interesting and important detail. Time could be profitably devoted to a

consideration of the dividend liabilities of life insurance companies, to a discussion of accrued taxes as a liability, etc., but the scope of this article will not permit it.

It would hardly be proper, however, to leave this subject without saying something concerning uniformity. Conditions which are presented to the insurance companies of this country suggest to thinking minds attempts towards uniformity. Such attempts have been made in legislative matters and departmental practices, but the scope of their ultimate application has thus far been limited in most cases.

It should be remembered, in contrast to these results, that the uniform blank for the annual statements of insurance companies has been in use for many years. The Convention Blank, as it is being used today, is the basis of the returns to practically every insurance department in the country. Although the blank is modified from year to year, as necessity demands, it continues on a uniform basis. This basis is thoroughly understood by companies and departments alike, and should only be disturbed after careful deliberation concerning the necessities demanding proposed modifications.

Illustration I
Form of Financial Statement—Convention Edition, 1912.

Descriptive Headings	Life Blank	Fire Blank	Miscellaneous Blank
I. CAPITAL STOCK			
	1. Amount of Capital Paid-up in Cash. 2-3. Changes in capital during year, and ledger assets December 31, 1911. 4. Extended.	1. Amount of Capital Paid-up in Cash. 2-3. Changes in capital during year, and ledger assets December 31, 1911. 4. Extended.	1. Amount of Capital Paid-up in Cash. 2-3. Changes in capital during year, and ledger assets December 31, 1911, and extension.
II. INCOME			
Premiums.	5-20. Premiums received in cash, surrender values and dividends applied and consideration for supplementary contracts not involving life contingencies.	5-8. Gross Premiums written (including premiums on petual risks) less gross amount paid for reinsurance and return premiums.	4-19. Gross Premiums written less reinsurance, return premiums and premiums on policies not taken.
Interest and Rents.	23-33. Interest and Rents received.	9-17. Interest and Rents received.	22-30. Interest and Rents received.
Agents' Balances.	40. From agents' balances previously charged off.	25. From agents' balances previously charged off.	36. From agents' balances previously charged off.
Special Items.	21. Dividends left with company to accumulate at interest. 22. Ledger assets received from other companies for assuming risks.	24. Increase in liabilities during year on account of reinsurance treaties.	20-21. Policy fees and inspections.
Miscellaneous Items.	34-39. Items and Amounts from other sources.	18-23. Items and Amounts from other sources.	31-35. Items and Amounts from other sources.
Schedule Profit and Loss Items.	41. Gross Profit on sale or maturity of ledger assets. 42. Gross Increase, by adjustment, in book value of ledger assets.	26. Gross Profit on sale or maturity of ledger assets. 27. Gross Increase, by adjustment, in book value of ledger assets.	37. Gross Profit on sale or maturity of ledger assets. 38. Gross Increase, by adjustment, in book value of ledger assets.

Illustration I—Continued

Descriptive Headings	Life Blank.	Fire Blank.	Miscellaneous Blank.
Total Income. Amount Carried Forward	43. 44.	38. 39.	39. 40.
III. DISBURSEMENTS.			
Claims and Payments to Policy Holders.	1-4 and 16. Paid on account of losses, claims, matured endowments and annuities. 5-8. Surrenders paid or applied, and premium notes voided. 9-13. Dividends paid or applied. 14. Total paid policy holders.	1-3. Net amount paid policy holders for losses.	1-16. Net amount paid policy holders for losses.
Investigation of Claims.	15. Expense of investigation and settlement of claims.	4. Expense of adjustment and settlement of claims.	17-21. Investigation and adjustment of claims.
Dividends.	18. Interest or dividends paid stockholders.	34. Interest or dividends paid stockholders. 35. Scrip or certificates of profits redeemed in cash. 36. Interest paid to scripolders.	47. Interest or dividends paid stockholders.
Commissions or Brokerage.	19-20. Commissions to agents.	5. Commissions or Brokerage.	22. Policy fees retained by agents. 23-27. Commissions or Brokerage.
Salaries.	21, 23, 25. Managers, agents, branch offices and home office.	7, 8. Special and general agents (including expenses) and home office.	28-29. Home office, agents (including expenses).
Inspection of Risks.	24. Medical examiners' fees and inspection of risks.	17. Inspections and surveys.	30-31. Medical examiners' fees and salaries and inspections.
General Expense Items provided for in Blank.	26. Rent. 27. Advertising, printing, etc. 28. Legal. 29. Furniture, fixtures and safes. 30. Repairs and expenses (other than taxes) on real estate.	9. Rent. 10. Advertising, printing, etc. 11. Postage, telegraph, telephone, etc. 12. Legal. 13. Furniture and fixtures. 18. Repairs and expenses (other than taxes) on real estate.	32. Rent. 33. Repairs and expenses (other than taxes) on real estate. 42. Legal. 43. Advertising. 44. Printing and stationery. 45. Postage, telegraph, telephone, etc. 46. Furniture and fixtures.

Illustration I—Continued

Descriptive Headings.	Life Blank.	Fire Blank.	Miscellaneous Blank.
Taxes and Fees.	31. Real Estate. 32. Premiums. 33. Insurance Departments. 34-37. All other items of taxes.	19. Real Estate. 20. Premiums. 21. Insurance Departments. 22. All other items of taxes.	34. Real Estate. 35. Premiums. 36. Insurance Departments. 37-41. All other items of taxes.
Agents' Balances.	45. Agents' balances charged off.	38. Agents' balances charged off.	53. Agents' balances charged off.
Special Items.	17. Dividends held on deposit, surrendered. 22. Agency supervision.	9. Allowances to agents. 14. Maps, including corrections. 16. Underwriters Boards and Tariff Associations. 16. Fire Department, Fire Patrol, etc., fees, taxes and expenses. 33. Deposit Premiums returned. 37. Decrease in liabilities during the year on account of reinsurance treaties.	
Miscellaneous Items.	38-44. Items and amounts of other disbursements.	23-32. Items and amounts of other disbursements.	48-52. Items and amounts of other disbursements.
Schedule Profit and Loss Items.	46. Gross Loss on sale or maturity of ledger assets. 47. Gross Decrease, by adjustment, in book value of ledger assets.	39. Gross Loss on sale or maturity of ledger assets. 40. Gross Decrease, by adjustment, in book value of ledger assets.	54. Gross Loss on sale or maturity of ledger assets. 55. Gross Decrease, by adjustment, in book value of ledger assets.
Total Disbursements. Balance.	48. 49.	41. 42.	56. 57.
IV. LEDGER ASSETS.			
Invested Assets.	1. Book value of Real Estate. 2. Mortgage Loans. 3. Collateral Loans. 4. Policy Loans. 5. Premium Notes. 6. Book value of Bonds and Stocks.	1. Book value of Real Estate. 2. Mortgage Loans. 3. Collateral Loans. 4. Book value of Bonds and Stocks.	1. Book value of Real Estate. 2. Mortgage Loans. 3. Collateral Loans. 4. Book value of Bonds and Stocks.
Cash Assets.	7. Cash in office. 8-9. Deposits.	5. Cash in office. 6-7. Deposits.	5. Cash in office. 6-7. Deposits.

Illustration I—Continued

Descriptive Headings.	Life Blank.	Fire Blank.	Miscellaneous Blank.
Other Items.	10-11. Bills receivable, agents' balances, etc.	8-9. Agents' Balances. 10-16. Bills receivable and other ledger assets.	8-24. Premiums in course of collection. 25-29. Bills receivable and other ledger assets.
Total Ledger Assets.	12.	16.	30.
Non-Ledger Assets.			
Interest and Rents due and accrued.	13-21. Interest on Mortgages, Bonds, Loans, etc., and Rents on company's property due and accrued.	17-24. Interest on Mortgages, Bonds, Loans, etc., and Rents on company's property due and accrued.	31-37. Interest on Mortgages, Bonds, Loans, etc., and Rents on company's property due and accrued.
Excess Market Value.	22. Real Estate. 23. Bonds and Stocks.	25. Real Estate. 26. Bonds and Stocks.	38. Real Estate. 39. Bonds and Stocks.
Special Items of Assets.	24. Reinsurance due on losses or claims. 25-29. Net amount of uncollected and deferred premiums.		
Other Non-ledger Assets.	30-34.	27-29.	40-42.
Gross Assets.	35.	30.	43.
Deduct Assets Not Admitted.			
Disallowed or Non-admitted Assets.	36. Company's Stock owned. 37-40. Supplies, furniture, cash advanced, etc. 41. Premium notes and loans on policies and net premiums in items 29 above in excess of the net value of the policies. 42. Overdue and accrued interest on bonds in default. 43-45. Excess Book Value of Ledger Assets.	31. Company's Stock owned. 32-36. Supplies, furniture, cash advanced, agents' balances over 90 days, etc. 37. Overdue and accrued interest on bonds in default. 38-40. Excess Book Value of Ledger Assets.	44. Company's Stock owned. 45-49. Supplies, furniture, bills receivable, premiums in course of collection over 90 days due, etc. 50. Overdue and accrued interest on bonds in default. 51-55. Excess Book Value of Ledger Assets.
Admitted Assets.	46.	41.	56.

Illustration I—Continued

Descriptive Headings.	Life Blank	Fire Blank	Miscellaneous Blank.
V. LIABILITIES.*			
Policy Reserve Liabilities.	1-8. Net Reserve. 9. Present value supplementary contracts.	7-11 Unearned Premiums. 12. Reserve on perpetual fire insurance policies. 13. Reserve under the life or any other special department. 14. Unused balances of bills and notes.	21-23. Unearned premiums.
Special Reserve Liabilities.	35-38. Reserve, special or surplus funds.		17. Special liability loss reserve. 18. Special credit loss reserve on policies expiring in October, November and December. 19. Special reserve for accrued losses or credit policies.
Outstanding and Incurred Claims.	11-18. Policy claims including amounts due and unpaid on supplementary contracts.	1-6. Net amount of unpaid losses and claims.	1-16. Losses and claims. 20. Total unpaid claims and expenses of settlement.
Dividend Liabilities.	19. Dividends left with Company. 20. Dividends due stockholders. 31. Dividends due policy holders. 32-33. Dividends declared and payable during 1912. 34. Deferred dividends provisionally ascertained.	15. Unpaid principal on scrip or certificates of profits. 17. Dividends declared and unpaid to stockholders and policy holders.	31. Dividends declared and unpaid to stockholders and policy holders.
Accounts Due and Accrued.	22-23. Commissions. 25-26. Salaries, fees, bills, etc. 27. Taxes.	18. Salaries, rents, bills, etc. 19. Taxes. 20. Commissions, brokerage, etc.	24-28. Commissions, brokerage, etc. 29. Salaries, rents, bills, etc. 30. Taxes. 33. Interest.
Special Items of Liabilities.	10. Liability for cancelled policies upon which a surrender value may be demanded. 24. "Cost of collection" in excess of the loading on uncollected and deferred premiums.	21. Return and reinsurance premiums.	34-35. Return and reinsurance premiums.

* In the case of the Life Blank this caption is "Liability, Surplus and Other Funds."

Illustration I—Concluded

Descriptive Headings.	Life Blank.	Fire Blank.	Miscellaneous Blank.
Miscellaneous Items of Liabilities.			
	20. Advance Premiums. 21. Unearned interest and rent. 22. Advances on account of expenses. 23. Borrowed money and interest thereon. 39-42. Other items of liabilities.	15. Interest on borrowed money. 32. Borrowed money. 33-25. Other items of liabilities.	32. Borrowed money. 36. Advance premiums. 37-45. Other items of liabilities.
Total Liabilities. Capital Stock. Surplus.	43. 44. 45. Unassigned funds.	26. 27. 28. Surplus over all liabilities. 29. Surplus as regards policy holders.	46. 47. 48. Surplus over all liabilities. 49. Surplus as regards policy holders.
Total	46.	50.	50.

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Illustration III

AMORTIZATION

The information called for in these supplemental columns is to comply with New York Insurance Law.

Effective rate of interest at which purchase was made	*Amortised or investment value December 31, 1912	Increase in amortised value during 1912	Decrease in amortised value during 1912	Are these bonds fully secured, and not in default as to principal or interest?	This column is to be left blank
\$	\$	\$	\$		\$
.....	\$	\$	\$		\$

*Perpetual bonds, bonds in default as to principal or interest, and bonds not fully secured are to be entered in this column at market value.

Illustration IV

CONNECTICUT INSURANCE DEPARTMENT
VALUATION SHEET, DECEMBER 31, 1912

..... Life Ins. Co.
..... Mortality Table
..... Interest

Showing all data requisite for a grouped mean valuation, excluding ANNUITIES, REVERSIONARY ADDITIONS and REINSURANCE

Issue		No. Pols.	Amount	Reserves			TERMINATIONS AND CHANGES											
				Per \$10,000	On Amount	 Months			 Months			 Months			 Months			
						No.	Amount	Reserve	No.	Amount	Reserve	No.	Amount	Reserve	No.	Amount	Reserve	
Year	Age		(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
(1)	(2)	(3)																

ISSUE CARD

Number		P. or N.	
Year	Age	Amount	
Kind			
Office Premium	Net Premium		
Payable	Exp.	%	
How-Cancelled or Changed-When			
Remarks			
Conn. Ins. Dept.			

TERMINATION CARD

1912 Termination		P. or N.	
Number			
Year	Age	Year Birth	Amount
Year Mat.	Year Exp.		
Kind			
Mode of Termination			
D.....	S.....	L.....	Exp.....
M.....	N.T.....	Exp.....	
Mode of Change			
Life paid-up			
Endt. paid-up			
Ext. Ins.			
See Change Card for New Description			

CHANGE CARD

1913 Change to		P. or N.	
Number			
Year	Age	Year Birth	Amount
Kind			
Life Paid-up			
Endt. Paid-up			
Ext. Ins. to			
Pure Endt. \$			
Restorations. Restored to:—			
Year	Age	Amount	
Kind			
When Lapsed			

ANNUITY CARD

Annuity No.		Ins. Co.	
Year	Sex	Age	Amount Payable
Kind			
First Payment	Last Payment		
.....19	19		
Deferred Benefit			
Premium		In Settlement of	
Exp.		%	
How-Cancelled or Changed-When			
Remarks			
Conn. Ins. Dept.			

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Illustration V

VALUATION CERTIFICATE

{ STATE }
{ SEAL }

STATE OF CONNECTICUT
INSURANCE DEPARTMENT

I, _____ Insurance Commissioner of the State of
Connecticut, hereby certify that

of Hartford, Connecticut, is duly authorized to transact the business of life
insurance in this state.

I further certify that I have made a valuation of the life insurance policies
and life annuities of said company, in force December 31, 1912, as follows:

I find that the net value of said policies and annuities on a paid-for basis—
including only policies which were reported as paid-for—was

dollars;

and that the net value of said policies and annuities on a written basis—in-
cluding all policies written, whether reported as paid-for or not—was

dollars.

	PAID-FOR BASIS.	WRITTEN BASIS.		
Net Value of Policies, \$	\$			
Net Value of Additions, \$	\$		PAID-FOR BASIS.	WRITTEN BASIS.
Net Value of Annuities, \$	\$	\$	\$	\$
Less Net Value of Policies Re-insured,	\$		\$	\$
Total Net Value, December 31, 1912,		\$	\$	\$

Witness my hand and official seal at Hartford,

this _____ day of _____ 1913

(SEAL)

Insurance Commissioner.

Illustration VI
RISKS AND PREMIUMS, 1912

	FIRE		MARINE and INLAND	
	Risks	Premiums	Risks	Premiums
In force December 31, 1911.....	\$.....	\$.....	\$.....	\$.....
Written or renewed during the year.....				
Excess of original premiums over amount received for reinsurance.....	0		0	
Totals.....	\$.....	\$.....	\$.....	\$.....
Deduct those expired and marked off as terminated.....				
In force at the end of year 1912.....	\$.....	\$.....	\$.....	\$.....
Deduct amount reinsured.....	\$.....	\$.....	\$.....	\$.....
Net amount in force December 31, 1912.....	\$.....	\$.....	\$.....	\$.....
Perpetual risks not included above,		\$.....		\$.....
Premiums on same,		\$.....		\$.....

RECAPITULATION OF FIRE RISKS AND PREMIUMS

Year Written	Term	Amount	Gross Premiums Charged	Unearned	Premiums Unearned
		\$	\$		\$
1912...	One year or less.			1-2	
1911...	Two years.			1-4	
1912...				3-4	
1910...	Three years			1-6	
1911...				1-2	
1912...				5-6	
1909...	Four years			1-8	
1910...				3-8	
1911...				5-8	
1912...				7-8	
1908...	Five years.			1-10	
1909...				3-10	
1910...				1-2	
1911...				7-10	
1912...				9-10	
	Over five years			pro rata.	
	Totals.....	\$	\$		\$
	Perpetual Risks.....			90%	
	Grand Totals.	\$	\$		\$

Illustration VII

Years in Which Policies Were Issued	Amount of Earned Premiums	Amount of Loss Payments Including Loss Expenses	SUITS PENDING DEC. 31 OF YEAR OF STATEMENT, EXCEPT SUITS NOT DEPENDENT ON NEGLIGENCE		UNPAID DEATH CLAIMS DEC. 31, OF YEAR OF STATEMENT WITHOUT PROOF OF NEGLIGENCE		UNPAID CLAIMS (NON FATAL) DEC. 31, OF YEAR OF STATEMENT WITHOUT PROOF OF NEGLIGENCE		Sum of Items in Columns 2, 3b, 4b and 5b	Loss Ratios, Column 6a Divided by Column 1					
			Num-ber	Amount Charged Against Suits at \$50.00 Each	Num-ber	Amount Necessary to Pay for Such Deaths	Num-ber	Present Value of Estimated Future Payments							
	(1)	(2)	(3a)	(3b)	(4a)	(4b)	(5a)	(5b)	(6a)	(6b)					
1st Period 1903															
04															
05															
06															
07															
1st Total															
2nd Period 1908															
09															
10															
11															
12															
2nd Total															
Aggregate															
Prior to 1898										1898	1899	1900	1901	1902	Total
7. Number of suits, except suits not dependent on negligence, pending on policies issued prior to 1903, by years.															
8. Number of death claims (without proof of negligence) pending on policies issued prior to 1903. By years.															
9. Number of claims (non fatal) without proof of negligence, pending on policies issued prior to 1903. By years.															

Illustration VIII

SCHEDULE BY AGES OF MEMBERSHIP, AMOUNT OF INSURANCE, ETC.

Attained Ages	Number of Members	Amount of Insurance	Received in Mortuary Assessments During Year	Number of Deaths During Year	Death Losses Incurred During Year
18-24		\$	\$		\$
25-29					
30-34					
35-39					
40-44					
45-49					
50-54					
55-59					
60-64					
65-69					
70-74					
75-79					
80-84					
85 and over					
TOTAL		\$	\$		\$

CHAPTER LXIX

STATE LAWS *

BY WILLIAM BROSMITH

MORE than one hundred years ago a state legislature declared that insurance should be regulated by state law and this governmental policy has since been adopted by every state in the Union.

There can, of course, be no denial of the fact of state regulation nor can it reasonably be claimed that a business of such importance, transacted so largely under corporate organization, should not be safeguarded by proper state laws. It is, however, unquestionably and sadly true that the business of insurance, in which the state, society, business and commerce are so vitally interested, is not wisely regulated and in many respects but imperfectly safeguarded. After more than a century of marvelous growth and the development of many kinds of insurance protection there is not a satisfactory insurance code upon the statute books of any of the states. Instead there are conflicting statutory enactments where there should be uniformity, and confusion where there should be order. Of the existing laws many are altogether indefensible and are enforced to the vexation of underwriters and the serious detriment of those who carry insurance. Others are enforced largely because they produce for the state under the guise of taxation and departmental charges a revenue which, although contributed immediately by the insurance companies, is ultimately paid by the policyholders. An appreciation by forty-eight sovereign states of the power to regulate and to tax but without a realization of the corresponding obligation to suitably protect, coupled with a disposition to re-

*The observations under this title apply only to statutory law.

taliate against the statutory requirements of other states, explains in a measure the unfortunate condition of state laws in relation to insurance at this time—a condition in the words of a well qualified writer on insurance “properly described as Interstate Chaos.” To correct these evils, many of them of long standing, will require years of persistent and well directed effort. A code which will prescribe proper regulations and safeguards can be framed. Such a code supported by the supervising insurance officials and by the different classes of insurance companies, if enacted into law in one or more states, will after a reasonable time and the test of practical operation gradually but surely supersede the perplexing and imperfect insurance state laws elsewhere.

State laws in relation to insurance usually provide for (a) supervision of the business by designated state officials and the scope of such supervision; (b) the amount of capital, deposits, reserves and the character and amount of investments; (c) the forms of contracts of insurance or the provisions which may be incorporated therein; (d) the regulation of agents; (e) the character and amount of taxes and departmental charges.

In some of the states, however, in addition to laws of the character above described there are others in relation to surrender values in contracts of life insurance, distribution of profits under contracts of participating life insurance, limitations upon the amount of insurance which may be carried upon one risk, prohibitions against the removal of actions from State to Federal courts, discriminations and rebates of premiums on insurances, discriminations by life insurance companies between insureds of the same class and equal expectation of life, discriminations between white persons and colored persons, wholly or partly of African descent, retaliatory and reciprocal laws, and laws intended to alter the legal effect of misstatements made by an applicant in negotiations

for a contract of insurance. This very considerable enumeration of the kinds of laws under which the business of insurance must be conducted is far from complete but will suffice for the purposes of this chapter.

As the Commonwealth of Massachusetts was the first to formulate a plan for the supervision of insurance companies and to enact a statutory scheme for the regulation of the business, the insurance laws of that state will serve as an illustration of the general scope of laws of the kind under consideration and the extent to which regulation has been carried. It must not be inferred, however, that the Massachusetts laws represent either the minimum or the maximum of supervisory power or that they correspond in all cases with the requirements as to capital, reserve, deposits and the other limitations and restrictions upon or exercise of corporate powers to be found in other state laws.

Scope of Supervision

Before granting certificates of authority to insurance companies to issue policies or make contracts of insurance in the commonwealth, the insurance commissioner shall be satisfied by such examination as he may make and such evidence as he may require that the company is qualified under the laws of the commonwealth to transact business therein. He shall require every domestic insurance company to keep its books, records, accounts and vouchers in such manner that he or his authorized representatives may readily verify its annual statements and ascertain whether the company has complied with the provisions of law. He shall at least once in three years and whenever else he determines it to be prudent, thoroughly inspect and examine the affairs of every domestic insurance company, and whenever he determines it to be prudent for the protection of policyholders in the Commonwealth of Massachusetts he shall in like manner

examine or cause to be examined any foreign insurance company applying for admission or which has already been admitted to do business in the commonwealth.

Every insurance company which transacts business in the commonwealth is required to file annually a statement which shall exhibit its financial condition as of the 31st day of December of the previous year and its business of that year in such form as may be required by the insurance commissioner. For the purpose of a preliminary or other examination of any company, domestic or foreign, the insurance commissioner shall have free access to all of the books and papers of the insurance company which relate to its business and the books and papers kept by any of its agents and may summon and administer the oath to and examine as witnesses the directors, officers, agents and trustees of any company and any other persons relative to its affairs, transactions or condition.

In connection with the examination of an insurance company the commissioner may also examine into the affairs of any other corporation or organization which may be under contract with the insurance company to be responsible for the whole or any part of the expenses, liabilities or other obligations appertaining to the transaction of business by the latter. In any such case he shall set forth in the report his findings so far as they affect the financial condition of the insurance company, which report shall be a public record.

If it shall appear to the insurance commissioner that any domestic insurance company has exceeded its powers or has failed to comply with any provision of law, or that its condition or management is such as to render the further transaction of business hazardous to the public or to its policyholders or to its creditors, or if it has attempted to or is attempting to compromise with its creditors on the ground of financial inability to make pay-

ments in full or if it is insolvent, he shall apply to the Supreme Judicial court for an injunction restraining it in whole or in part from further proceeding with its business. The court in any such case may issue an injunction and may appoint agents or receivers to take possession of the property or effects of the company and to settle its affairs.

If the commissioner is of the opinion that a foreign insurance company—that is, a company organized under the laws of any other state of the United States or under the laws of a foreign country—is in an unsound condition, or that it has failed to comply with the law or the provisions of its charter, or that its condition is such as to render its proceedings hazardous to the public or to its policyholders, or that its actual funds, exclusive of its capital, if it is a life insurance company, are less than its liabilities, or if its officers or agents refuse to submit to examination or to perform any legal obligation relative thereto, he may revoke or suspend the certificates of authority granted to such foreign insurance company, its officers or agents, and may cause notices thereof to be published in the newspaper in which the general laws are published and no new business shall thereafter be done by the company or its agents in the commonwealth while such default or disability continues nor until its authority to do business is restored by the commissioner.

If the actual funds of a domestic life insurance company, exclusive of its capital, are not of a net cash value equal to its liabilities, including the net value of its policies computed by the rule of valuation established by the laws relating to insurance, he shall notify such company and its agents to issue no new policies until the funds become equal to liabilities.

If upon examination or other evidence exhibited to him he is of opinion that any insurance company or any officer or agent thereof has violated any provision of the

laws relating to insurance, he shall report the facts to the attorney-general, who shall cause such company, officer or agent to be prosecuted therefor.

In each year the insurance commissioner must compute the reserve liability on the 31st day of December of the preceding year of every company authorized to make insurances upon lives in the commonwealth in accordance with certain statutory rules set forth in the laws relating to insurance and, if he is satisfied that a life insurance company is assuming risks which cannot properly be measured by the mortality tables specified in the laws relating to insurance, he may compute such extra reserve as in his judgment is warranted by the extra hazard assumed. When he has so ascertained the aggregate net value of all of the policies of any such life company, then the company shall be required to hold funds in secure investments equal to such net value over and above all of its other liabilities.

In determining the liability upon contracts of insurance of an insurance company other than life and real estate title insurance and the amount that such a company shall hold as a reserve for reinsurance, he may take 50 per cent. of the premiums written in its policies or the actual unearned portions of such premiums, but in respect to marine risks he shall compute the liability thereon by charging 50 per cent. of the amount of premiums written in its policies upon yearly risks and upon risks covering more than one passage not terminated and the full amount of premiums written in policies upon all other marine risks not terminated. In the case of foreign fire and marine insurance companies with less than three hundred thousand dollars capital, admitted to transact fire insurance only, he shall charge the full amount of premiums written in their marine and inland navigation and transportation insurance policies as liability. In the case of companies which write liability insurance he shall

require an additional loss or claim reserve based upon the experience of the companies during a given term of years and prepared in accordance with the formula prescribed in the statute. Besides the reserves so required for companies other than life, each company shall be charged as a liability with all unpaid losses and claims for losses and all other debts and liabilities, including in the case of a stock company its capital stock. An insurance company shall be allowed in its annual statement as a credit on account of its financial condition only such assets as are immediately available for the payment of losses in the commonwealth.

A company of another state or of a foreign country before it may be admitted or authorized to do business in the commonwealth must deposit with the insurance commissioner a certified copy of its charter or deed of settlement and statement of its financial condition and business and, if it is to transact the business of fire insurance, shall also file with the insurance commissioner a declaration that it will not reinsure any risk or part thereof taken by it on any property located in the commonwealth with any company not authorized to transact the business of fire insurance therein except as permitted by the laws relating to insurance. It must, moreover, satisfy the insurance commissioner that it has been fully and legally organized under the laws of its state or government to do the business which it proposes to transact. It must also appoint the insurance commissioner or his successor the true and lawful attorney for the company upon whom all lawful process in any action or legal proceeding against it may be served and in the deed of appointment must agree that any lawful process against the company which may be served upon the commissioner shall be of the same force and validity as if served upon the company. This authority continues in force so long as any liability of the company remains outstanding in the common-

wealth. Some resident or residents of the commonwealth must also be appointed as the agent or agents for the company.

There are many other grants of supervisory power in the insurance laws of Massachusetts and of the other states intended for emergencies in the conduct of the insurance business and of the greatest importance to those in charge of the management of companies, the recital of which is not necessary to illustrate the general scope of insurance supervision.

Among the more important restrictions and limitations incidental to general supervisory power are the following, which are taken from the laws of different states.

Capital

In the insurance laws of the commonwealth as in the insurance laws of most of the states there are specific capital and deposit requirements. These vary so much as to amounts and combinations of amounts for the different kinds of insurance which may be transacted by one company or by different classes of companies that it would not be practicable to attempt a recital of the requirements in these regards. Usually, the minimum amount of capital or assets with which a company other than mutual assessment associations, fraternal societies, mutual liability associations, co-operative fire insurance corporations, town and county fire associations and the like may be permitted to engage in business, is one hundred thousand dollars, although in some states this amount is reduced as low as twenty-five thousand dollars.

Deposits

As in the case of the amount of capital to be required of a company, so also with regard to deposits and amount of deposits, whether special or general, there is a wide variation in state laws. A number of the states make no

provision for deposits, either special or general. Some states require deposits to be made by certain classes of insurance companies, whether stock or mutual, and not by others. Again, deposits made by a foreign corporation in any of the states for the benefit of all policyholders of the company, are usually accepted as a compliance with a deposit requirement. In a few states, and notably: Virginia, South Dakota and Ohio, certain classes of insurance companies other than domestic are compelled to maintain special deposits of amounts arbitrarily fixed and altogether inadequate for any real protection to the people of the state in which the deposit is made.

In Massachusetts, as in many other states, a deposit may be made by any domestic insurance company for the purpose of complying with the law of any other state to enable such company to do business therein. The company making such deposit is entitled to the income thereof and may from time to time with the consent of the state official with whom the deposit is made, and when not otherwise forbidden by law, change in whole or in part the securities deposited for other approved securities of equal value. Upon the request of a domestic insurance company the whole or any portion of the securities so deposited may be returned upon proof that they are subject to no liability and not required to be longer held by any provision of law or for the purpose of the original deposit. A deposit made by a foreign insurance company may also be returned if it shall appear that the company has ceased to do business in the state and is under no obligations to policyholders or other persons therein or in the United States for whose benefit the deposit has been made. A company incorporated or organized under the laws of a government other than the United States, or one of the United States, is required to make a deposit in the state in which its principal

American office is located or with the financial officer of some other state of the United States, of an amount not less than the capital required of like companies by the laws relating to insurance, and such deposit must be in exclusive trust for the benefit and security of all of the company's policyholders and creditors in the United States. Of such deposits an amount equal to the capital required of domestic companies is regarded as the deposit capital and treated in the company's statements the same as the stock capital of domestic companies, but the excess of any such deposit over the amount so required as deposit capital is not charged to the company as a liability for deposit capital. A general deposit is one made for the protection of all policyholders and creditors of the company. A special deposit is one intended for the protection either of special classes of policyholders or of creditors or both in the state in which the deposit is made. A fair conception of the nature and amount of these deposits, both special and general, can be obtained only by careful examination of the statutes.

Reserves

Here again, as with capital and deposits, reference must be made to the laws of each particular state in order to ascertain the rules upon which reserves are computed and the character and amount of reserve to be maintained by the companies. Under the caption "Scope of Supervision" in this chapter the reserve requirements of Massachusetts are used by way of illustration and in other chapters of this book reserves for the different kinds of insurance are specially treated.

Investments

The capital stock and assets of insurance companies are usually permitted to be invested as follows: In such real property as may be requisite for the convenient accommodation and transaction of its business; in the public

funds of the United States or the District of Columbia or any state of the United States, notes or bonds of any county, city, school or water district in any of the states, bonds or notes of any railroad and street railroad corporation located in the United States; in loans secured by collaterals consisting of any of the securities above mentioned; in loans secured by mortgages upon improved real estate; and in case of life companies in loans upon the security of its policies not exceeding the legal reserve on a given policy at the time of the loan.

Policy Forms

A fire insurance company may issue in Massachusetts only the standard form of fire policy prescribed by the statute. Since January 1, 1908, life insurance companies have been restricted to the issuance of policies of life and endowment insurance which contain certain standard provisions and the forms of which have been approved by the insurance commissioner pursuant to law. Since January 1, 1911, accident and health insurance companies have been restricted to the issuance of accident and sickness insurance policies which contain certain standard provisions and the forms of which have been approved by the insurance commissioner pursuant to law. Standard forms for fire policies have also been adopted—among others by the states of Maine, Massachusetts, Minnesota, New Hampshire, Michigan, Missouri, Virginia and Wisconsin. In the opinion of many fire underwriters the New York form is superior to the others. Laws prescribing standard provisions for policies of life and endowment insurance nearly uniform in character have been enacted in the following states: Colorado, Illinois, Indiana, Massachusetts, Michigan, Minnesota, New Jersey, New Mexico, New York, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Texas, Utah and Washington. The law proposed by the National Convention of Insurance Commis-

sioners which prescribes standard provisions for policies of accident and sickness insurance has been enacted in the following states: Connecticut, Idaho, Massachusetts, Michigan, New York, North Carolina, Oregon, Pennsylvania, Washington, Wisconsin and Virginia. In Minnesota and North Dakota there are also standard provision laws for accident and health insurance policies but they differ in some respects from the measure recommended by the National Convention of Insurance Commissioners.

Agents and Brokers

To a person appointed by an insurance company to act as its agent, the insurance commissioner, if satisfied that the appointee is a suitable person, issues a license in which it is stated in substance that the company is authorized to do business in the commonwealth and the person named therein is the constituted agent of the company for the transaction of such business as it is authorized to transact.

Unless revoked by the commissioner or unless the company by written notice to the commissioner cancels the agent's authority such a license or renewal thereof ordinarily expires in April next after issue.

A license to any suitable person resident of the commonwealth or resident of any other state which grants brokers' licenses to residents of Massachusetts, may be issued by the commissioner to act as an insurance broker to negotiate contracts of insurance or renewals, or place risks, or effect insurance or renewals with any qualified domestic insurance company or its agent or with the authorized agent of any foreign insurance company duly admitted.

Foreign companies admitted to do business in the commonwealth may make contracts of insurance upon lives, property or interest therein only by lawfully constituted and licensed resident agents.

A person not duly licensed as a broker, who for compensation solicits insurance on behalf of any insurance company, or transmits for a person other than himself an application for a policy of insurance to or from such company or office or assumes to act in the negotiation of such insurance, is an insurance agent within the intent of the law and thereby becomes liable to all the duties, requirements, liabilities and penalties to which an agent of the company is subject.

Whoever for compensation, not being an appointed agent or officer of the company in which any insurance or reinsurance is effected, acts or aids in any manner in negotiating contracts of insurance or reinsurance, or placing risks, or effecting insurance or reinsurance for a person other than himself, is an insurance broker, and no person shall act as such broker without the license hereinbefore mentioned.

Taxes and Departmental Charges

In addition to the usual property taxes in the state of organization insurance companies are generally required to pay a tax upon premium receipts, the rate of tax varying from one to four per cent. In some states this rate is collected upon the gross premiums and in others upon gross premiums less certain deductions such as return premiums, reinsurance in authorized companies and losses paid. In a few of the states taxes upon insurance companies organized in any of the United States are levied only as a retaliatory measure.

In Massachusetts companies other than life, assessment and fraternal, pay a tax of two per cent of the premiums less certain statutory deductions. Life insurance companies pay a tax of one-fourth of one per cent. of the net value of Massachusetts policies. Assessment and fraternal companies are not taxed.

Departmental charges are made in varying amounts

for filing of copies of charters, applications for admission, annual statements, agents' licenses or certificates of authority, valuation of life policies, and where annual statements are to be published, a fee for preparing the abstract.

Limit of Single Risk

An insurance company is generally forbidden to insure in a single risk a larger amount than one-tenth of its net assets or of its capital and surplus unless provision has been made for reinsurance of the excess over the limit to take effect simultaneously with the original contract.

Reciprocal Obligations

The following will serve as a type of reciprocal and retaliatory laws:

“ If by the laws of any other state any tax, fines, penalties, licenses, fees, deposits or other obligations or prohibitions additional to or in excess of those imposed by the laws of this commonwealth upon foreign insurance companies and their agents are imposed on insurance companies of this commonwealth and their agents doing business in such state, like obligations and prohibitions shall be imposed upon all insurance companies of such state and their agents doing business in this commonwealth so long as such laws remain in force.”

Valued Policy Laws—Fire

These laws provide that whenever the insured property shall be wholly destroyed without criminal fault on the part of the insured or his assigns the amount of the insurance stated in such policy shall be taken conclusively to be the true value of the property insured and the true amount of loss and measure of damages. In one form or another valued policy laws have been enacted in Arkansas, California, Delaware, Florida, Georgia, Iowa, Kansas, Kentucky, Minnesota, Mississippi, Missouri,

Nebraska, New Hampshire, Ohio, Oklahoma, Oregon, South Carolina, Texas, Washington, West Virginia and Wisconsin.

Removal of Actions to Federal Courts

Although these laws are differently phrased, the purport is as follows: If a company organized in any other state or doing business within this state shall remove any suit or action to which it is a party to the United States District or Circuit Court or to any Federal Court the superintendent of insurance shall forthwith revoke and recall the license or authority of such company to do or transact business within the state and no renewal of authority shall be granted to such company for three years after such revocation.

Political Contributions

One of the laws recommended by the committee appointed at a conference of Governors, Attorney-Generals and Insurance Commissioners in 1906 was intended to prevent political contributions by life insurance companies. This bill has been enacted substantially as recommended in a number of the states and is as follows:

“ No insurance company or association including fraternal beneficiary associations, doing business in this state shall, directly or indirectly, pay or use or offer, consent or agree to pay or use any money or property for or in aid of any political party, committee or organization, or for or in aid of any corporation, joint stock or other association organized or maintained for political purposes, or for or in aid of any candidate for political office, or for nomination for such office, or for any political purpose whatsoever, or for the reimbursement or indemnification of any person for money or property so used. Any officer, director, stockholder, attorney or agent of any corporation or association which violates any of the provisions of this act, who participates in, aids, abets, or advises or consents to any such violation, and any person

who solicits or knowingly receives any money or property in violation of this act, shall be guilty of a misdemeanor and be punished by imprisonment for not more than one year and a fine of not more than one thousand dollars, and any officer aiding or abetting in any contribution made in violation of this act, shall be liable to the company or association for the amount so contributed."

In this brief review of state laws in relation to insurance, only what appear to be the most important features for those who are entering upon the study of insurance have been considered.

Manifestly an analysis of all of the various statutory requirements and prohibitions under which insurance companies must operate and by which their relations to the state and their policyholders are regulated would fill the volume in which this chapter occupies but a small part.

CHAPTER LXX

INVESTMENTS OF INSURANCE COMPANIES

BY JOHN M. HOLCOMBE

STRICTLY speaking an investment of money is any use of it which may be made for securing profit, whether this be in establishing an office or a corporation, paying its expenses, maintaining an agency force or buying securities. For the purpose of the present discussion, however, an investment will be taken to be the use of funds not needed immediately, in such a way as to secure a return.

As such an investment is always the laying aside of capital to provide for meeting liabilities, the intelligent investor considers the nature of the obligations to meet which the funds are held. These are of great variety. The trustees of an estate must measure the needs and circumstances of the beneficiaries. The manager of a bank must carefully analyze the possible demands of depositors and the interests of stockholders. The one to whom is confided the care of the funds of an insurance company will, if he is wise, keep himself informed fully of the nature of the liabilities to provide for which the investments are made.

The obligation assumed by an insurance company, and called a policy, provides for payment to it in advance, of a sum of money, called a premium, in consideration of which the company undertakes to pay a larger amount upon the happening of an event uncertain in time and frequently altogether unlikely. The amount of the premium is fixed in accordance with the chance of this happening as found by extended observations in a large number of cases. The transaction is always based upon the money value of the thing insured, and the amount of the policy is not intended to be greater than this sum.

In its simplest form the policy covers the risk for a short term, for example, one year, at the end of which time it expires. The amount of the premium, therefore, in such a case is based entirely upon the chance of being obliged to pay the amount of the policy within this time. In order to provide for the payment of claims under agreements of this character, it is necessary to have on hand a sufficient amount of cash to meet all these obligations, and as they must occur within a year if they happen at all, the question of interest is of but little moment. In practice, however, the term of the policy is frequently longer than this, in which case a portion of the premium must be reserved to meet claims which will fall in over such period. If this time were extended three or five years, it might be practicable to invest some of the amount reserved for claims in securities which would yield a higher rate than bank deposits, but even then the interest would play but an unimportant part in the transaction.

The business of insurance in this aspect naturally divides itself into two parts, namely: that which is undertaken for the payment of claims arising under policies issued for comparatively short periods, and that which may cover a long series of years.

The former furnishes protection against what may be called accidents in human affairs which ordinarily occur with a considerable degree of regularity. If the number of these occurrences could be depended upon there would be no necessity of accumulating assets, for the income would serve to meet policy liabilities. Many of these accidents, like fires, are subject to very wide fluctuations, and those who rely upon this protection demand that wide-spread disasters shall be provided for by accumulations which may not be needed under ordinary conditions. Moreover, although one policy expires and the liability ceases, yet a company's transactions are continuous and

there are always unexpired contracts some of which will become claims and a portion of the advance premiums must be held to make them good. Capital is generally furnished to provide for extensive or unexpected losses, but as this is subject to the claims of policyholders, the entire property of an insurance company may be said not inaccurately to form a reserve to provide for the payment of the obligations assumed under policy contracts.

Prompt payment of claims and safe provision for future liabilities are the chief considerations in securing the patronage of the public, and, therefore, the quality of this guarantee is of vital importance. The rate of interest produced does not enter into the calculation of premiums or reserves in that variety of insurance which has to do with these short-term policies, though interest for the use of capital adds to the profits. A company engaged in this line of business may safely keep its funds in bank, but as a part of this guarantee is in the nature of an emergency reserve, it may wisely be employed in a more profitable manner in the various forms of investments. Unlike any other business, the liabilities of an insurance company must be estimated on theoretical assumptions, for the outstanding insurance in almost every case far exceeds the current premium.

The importance of these institutions and their relations to the welfare of the family and to the commerce of the country at large was early recognized and restrictions were thrown around these funds by law. The first of these plans for protecting policyholders appeared in the charters of companies. In some the holding of real estate was limited to a small amount, and that solely for office purposes. Under some laws mortgage loans were confined to the states in which the various companies were located. In other ways too the investments in various classes of stocks and bonds were limited.

There has from the first been a marked tendency on the

part of fire insurance companies to invest in well known stocks and bonds, on the theory no doubt that these could readily be converted into cash if necessity arose in consequence of conflagrations. In the year 1870 ten large companies that are now engaged in the fire insurance business had mortgage loans amounting to something over \$7,000,000, and at the same time had stocks and bonds to the amount of about \$14,000,000. These two items have always formed the principal investments of all insurance companies, and at that time of the two taken together, the former represented about 30 per cent. and the latter about 70 per cent. This was before the first great conflagration, namely, that in Chicago. Taking these companies in 1910, forty years later, after the conflagrations in Chicago, Boston, San Francisco and other places, the mortgage loans amounted to less than \$2,500,000 and stocks and bonds to nearly \$113,000,000. Of the two items together the former, therefore, represented about 2 per cent. and the latter 98 per cent.

It is quite evident from this that the managers of these companies, not being under any definite necessity as to the rate of interest which could be earned, have believed it best to hold those securities which are more salable rather than to place this money in real estate mortgages but at a higher rate of interest.

The business of life insurance is on an entirely different basis, for the payment of claims occasioned by death and maturing of endowments can be calculated with a fair degree of certainty. The introduction of modern features, however, has somewhat changed the possibilities even in this class of insurance, as loans and cash values may in times of money stringency require large sums which must be furnished without delay. It is interesting to note that the investments of life insurance companies have changed in somewhat the same way, although not to the same extent, as those of fire insurance companies. By far the

greater part of the assets of these institutions is represented by mortgage loans and stocks and bonds. In 1870, ten of these companies out of an aggregate of these two items held 70 per cent. in mortgage loans and 30 per cent. in stocks and bonds. Forty years later this had changed to such an extent that the mortgage loans represented but 35 per cent. and stocks and bonds 65 per cent. of this total.

It is evident from these observations that the managers of the various companies of all kinds recognize the necessity of preparing for every emergency, and have believed it best to sacrifice to some extent the interest income for the sake of being able to meet policy obligations under any and all circumstances.

In life insurance, premiums and reserve are calculated not solely upon the ratio of claims at any particular time, but upon the securing of some given rate of interest on reserves, looking in many cases into the distant future. The investments to make good the obligations of these corporations must, therefore, not only be upon good security but must also bear at least a given rate of interest. While it is not possible to foretell what the rate of interest will be twenty-five or fifty years hence, it is safe to base calculations upon a rate below which it will not go, the surplus interest earnings being available for producing gains for stock or policyholders. Inasmuch as a life insurance policy once issued cannot be recalled, it is the part of prudence to make the premium sufficient for any future time during which the policy may be in force, and, therefore, premiums which at this time may seem unnecessarily large may not in future years be any greater than safety will require.

It has not been until comparatively recent years that the enormous growth of these corporations has attracted attention to the danger, or perhaps rather the impropriety, of their acquiring control of other institutions, espe-

cially banks, and has caused the passage of certain laws prohibiting the purchase of bank stocks by life insurance companies.

The accumulations of property which have been made necessary by the development of the business of insurance have attracted the attention of legislators in several other ways, among them that which has to do with the theory of what may be called requiring local investments. It has been claimed that the money paid out in premiums in a given state is a drain upon the resources, which can only be obviated by an investment of reserves in those sections from which the premiums are received, and that it would be for the protection of the interests of a state to pass laws compelling such a course. It might fairly be argued that a good insurance company doing business in a state is performing a service to its citizens, that every policy which is taken by them will on the whole be a safeguard to the entire community, and that the best results will follow from leaving the management free to make its investments where it can obtain the best security and the most favorable rate of interest. It might also very well be contended that no laws can overturn natural and business laws. But aside from all these considerations, before reaching a conclusion on this point it would be well to consider what would be the result of such legislation, not in a single state but in the various states in which a company is transacting its business. If this theory is sound in one class of insurance it must be in another. There cannot properly be any preferred class of policyholders in any insurance company. Its assets as a whole must be held for the payment of claims, no matter where they may arise. A great conflagration may require the payment by a fire insurance company of an amount which might take a large part or even the whole of its assets. If, now, this property were held by various states for the benefit of local policyholders, it

would be impossible to meet the situation and bankruptcy would inevitably ensue. The same situation arises, although in a less pronounced way, in the operations of a life insurance company. The assets as a whole must be available for policy claims no matter where they may arise. Moreover, in this class of corporations the time is approaching when policyholders may demand very large sums in the shape of loans or cash values, and if investments should be scattered it is easily conceivable that large obligations could not be met promptly in accordance with the terms of policy contracts.

If an insurance company of any kind has conducted its business in a way to merit the confidence of the public, then it must be presumed that its investment department is conducted for the benefit of its policyholders. Sound and legitimate insurance in its various branches is a necessity of modern civilization. It is of the greatest importance to the people of the community at large that these companies should be conducted skilfully, prudently and successfully; that their risks should be selected with care, and that their investments should be made wisely. To produce the best results, the greatest freedom consistent with safety should be allowed in the matter of the investment of such important funds as those held by the insurance companies.

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CHAPTER LXXI
ACCOUNTING AND AUDITING

BY LOUIS M. HASTINGS

CONDITIONS of the present day under which the various forms of insurance are transacted require very careful and intelligent consideration of the question of *accounting*, which is only secondary in importance to that of underwriting. Business must, of course, be put upon the company's books before the matter of accounts can be given much attention, except so far as a general plan may have been outlined, and if the underwriting is not intelligently handled by capable men, no system of accounting, however complete it may be, can save the company from financial embarrassment; hence the statement that accounting is secondary to underwriting.

But, even though the underwriting be handled in a most efficient manner, unless the accounting and auditing work is placed in charge of competent and experienced men, the leaks will soon eat up any profits and the shadow of insolvency will darken the doors.

Insurance accounting is a very broad subject and it is not the purpose of this article to go into elaborate description of an entire system, but to outline in a general way the manner in which the accounts of a company are handled from the time a policy is written and the premium is received, to the close of the year, when the final balance sheet is prepared, showing income and disbursements, assets, liabilities and surplus.

The mass of detail work is done simply to arrive at one set of figures, namely, "*Surplus*," and the model system to bring about this result is the one which gives any information required with the least possible delay and with the least expenditure of time and work in pre-

paring and handling the details, which must be as free from complications as possible.

Every department head must know what relationship the work for which he is responsible bears toward the work of the other departments, thus saving time and endless correspondence.

The most satisfactory results can only be accomplished in any company by making a separate department of "*Accounting and Auditing*," in charge of a competent head—a man who must not only be a first-class accountant, but also possessed of considerable experience in handling the details of the business (the little whys and wherefores)—a man who knows the relationship of underwriting to accounting, and who is well versed in the requirements of the various State Insurance Departments. He should also have a general idea of the different local agency conditions as bearing upon the manner of securing business and the collection of premiums.

Divisions of Accounting

Accounting may properly be divided into two sections, namely: "*Home Office*" and "*Agency*." The details governing the two branches should be so prepared as to dovetail, working in harmony one with the other, avoiding duplication of work as much as possible. The requirements of State Insurance Departments are more extensive each year, making it necessary for a home office to keep a mass of detail records from month to month, so that there will be no delay at the end of the year in compiling various statements from the figures obtained from different sources.

With a uniform system of accounting maintained in every general agency, much of the work is already accomplished when it reaches the home office without placing any burden upon the agent.

Too many companies adopt systems suitable only to

the home office needs, almost entirely ignoring the agency side of the question, and thus leaving agencies to handle their accounts in any manner so long as reports of premiums are received at the home office with some degree of accuracy or promptness. The absence of uniform agency accounting systems is very well emphasized when the traveling auditor makes his rounds.

The writer's experience has largely been gained through connection with companies writing life and the different lines of casualty insurance, both in the home office and in the field, and this article will treat more especially of these forms of insurance, although the main features of accounting apply equally to all kinds of insurance, the difference being only in the manner of working out the details.

Card System

The *card system*, if properly handled, is far preferable to books in the working out of certain details of the business, but it is a mistake to maintain that card records are suitable for all purposes, as certain book records for permanency can never be discontinued with safety.

It is not necessary in this article to consider the disposition of funds upon the organization of an Insurance Company, assuming that such funds have already been properly invested, but let us consider the process of accounting in a Life Insurance Company from the time a policy is issued, and the premium collected, until that premium is dissected, and a certain part of it remains to go into "*Surplus*."

After a policy is issued, the record department should make out a *registration card* (Illustration No. 1), containing all the necessary facts relative to the risk, date, age, residence, beneficiary, premium, etc., tabbed according to the month or months in which a premium is due. The cards are sorted numerically into card draw-

JAN. 4 APR. 2 JULY 2 OCT. 3

DATE OF POLICY <i>April 19 1911</i>		POLICY NUMBER		NAME OF INSURED		AGENCY LOCATION	
AGE	KIND OF POLICY	AMOUNT	RESIDENCE, STREET AND TOWN		COUNTY	STATE	
SHORT TERM INSURANCE DATE PREMIUM DATE RESP'D		OCCUPATION		MANAGER			
MEMO-		BENEFICIARY					
A PREMIUM		1st COMM % = 4		1911		1912	
S \$		RENT'L % = 6		DIV DEDUCTED QRS		DATE RESP'D	
Q EXTRA		" " % = 6		ACCUMULATED DIVIDENDS		1	
		" " % = 4		ACCUMULATED DIVIDENDS		2	
		" " % = 4		ACCUMULATED DIVIDENDS		3	
				ACCUMULATED DIVIDENDS		4	
				1913		1914	
				DIV DEDUCTED QRS		DATE RESP'D	
				ACCUMULATED DIVIDENDS		1	
				ACCUMULATED DIVIDENDS		2	
				ACCUMULATED DIVIDENDS		3	
				ACCUMULATED DIVIDENDS		4	
				1915		1916	
				DIV DEDUCTED QRS		DATE RESP'D	
				ACCUMULATED DIVIDENDS		1	
				ACCUMULATED DIVIDENDS		2	
				ACCUMULATED DIVIDENDS		3	
				ACCUMULATED DIVIDENDS		4	
				1917		1918	
				DIV DEDUCTED QRS		DATE RESP'D	
				ACCUMULATED DIVIDENDS		1	
				ACCUMULATED DIVIDENDS		2	
				ACCUMULATED DIVIDENDS		3	
				ACCUMULATED DIVIDENDS		4	
				1919		1920	
				DIV DEDUCTED QRS		DATE RESP'D	
				ACCUMULATED DIVIDENDS		1	
				ACCUMULATED DIVIDENDS		2	
				ACCUMULATED DIVIDENDS		3	
				ACCUMULATED DIVIDENDS		4	
ASSIGNED DATE		FILE NO.	CLAIM DATE	PAID AMOUNT	LAPSED DATE	EXT INSURANCE TO	POLICY LOANS, DATE - AMOUNT
FORM NO. 000		RECORD OF OTHER TRANSACTIONS ON REVERSE SIDE					

ILLUSTRATION NO. 1
HOME OFFICE CARD
FOR LIFE BUSINESS
REGISTRATION CARD
FOR 5X8 INCHES

ers from number 1 up, and form the basis of the entire business. This set of cards should never be disarranged by taking out a card, but is to be a permanent record of all business written, showing the life history of each risk, the dates of premium payments, the dividends paid or accrued, and loans made, or if lapsed, the date, and if a death claim, and the date and amount of payment.

A record of every transaction having any bearing upon the risk should be referred to upon this card, while the details of such transactions are placed in separate files according to the various needs of the different departments of the company.

In connection with the registration card file another or *alphabetical index file* is maintained, a card being used for each individual policy-holder, which contains the insured's full name, policy-number or numbers (if more than one), date of policy, and kind of policy (life, 20-payment life, 20-year endowment, etc).

In order that the registration card file described above may be kept intact, it is advisable to have a duplicate file of such cards for the use of various departments, principally the accounting department. The cards are then sorted numerically by agencies, and divided into two parts, namely: "*In Force*" and "*Outstanding*."

The latter file contains all cards representing risks where payment is in process of collection by the agent, available at once upon receipt of his report, which is checked from such cards, as regards date, name of insured, premium, dividend, interest and commission, after which process the cards, for which the report has accounted, are placed in correct order in the "*In Force File*" until such time as another payment is due.

These cards are also used by the renewal department, which each month writes renewal receipts for premiums becoming due in the next succeeding month, such receipts being sent to the several agencies for the collection of

premiums. These cards are then transferred to the "*Outstanding File*," awaiting agents' reports. Cards, representing lapsed risks, etc., are placed in separate files.

From these cards can be gathered all manner of desired information by sorting them into different divisions and tabulating. *Renewal receipts* are made either in duplicate or triplicate with a typewriter according to the system adopted. If in triplicate, the original (being the receipt) with an agents' stub and the first carbon impression (the notice to the insured) attached, is sent to the agent, who tears off the notice and encloses it in an "Outlook" envelope, thus avoiding the extra work done by the old method of writing the notice card and addressing the envelope.

The "stub" is used as a "follow up" and for memoranda. The second carbon impression is retained by the "*Accounting Department*" as a memoranda charge against the agent, and with the "*Outstanding*" registration card acts as a double check in auditing agents' reports.

Agency Records

Every general agency should be supplied with cards similar to the registration cards in use at the home office (see Illustration No. 2), also with alphabetical index cards, policy loan and interest cards, and in some localities with a county and town card.

The *registration card* contains all information concerning the risk that is of use to the agent. It is tabbed according to the month or months in which a premium payment is due (annually, semi-annually or quarterly) and indicates in addition to the premium, the commission rate and amount authorized by the company, and the commission payable to the sub-agent. It contains practically all the information concerning the risk, essential for agency purposes.

JUL. 1911

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OCT. 1911

SERIES		POLICY NUMBER	DATE OF ISSUE	NAME OF INSURED		STATE	APP. BOOK NO.
AGE		DATE OF BIRTH	KIND OF POLICY	STREET OR P.O. ADDRESS		TOWN OR CITY	COUNTY
* Q		AMOUNT INSURANCE	1ST COM. %	BENEFICIARY		SUB-AGENT	
ADL		REH. COM. %	% YES	ASSIGNOR		MEMOR.	
FILE NO.		SHORT TERM	PREMIUM PAID	REPORTED		5th 1st COM. %	
DATED		1911	1912	1913	1914	1915	1916
PREMIUM		1	1	1	1	1	1
DIV. DEDUCTED		2	2	2	2	2	2
NET PREM.		3	3	3	3	3	3
ADD'L PREM.		4	4	4	4	4	4
NOTICES SENT		1	1	1	1	1	1
AND		2	2	2	2	2	2
DATES OF		3	3	3	3	3	3
PAYMENTS		4	4	4	4	4	4
DIV. PAID BY CO. OR ACCUMULATED		1	1	1	1	1	1
PREMIUM		1	1	1	1	1	1
DIV. DEDUCTED		2	2	2	2	2	2
NET PREM.		3	3	3	3	3	3
ADD'L PREM.		4	4	4	4	4	4
NOTICES SENT		1	1	1	1	1	1
AND		2	2	2	2	2	2
DATES OF		3	3	3	3	3	3
PAYMENTS		4	4	4	4	4	4
DIV. PAID BY CO. OR ACCUMULATED		1	1	1	1	1	1

ILLUSTRATION CARD NO. 2 FOR LIFE BUSINESS

FORM NO. L-492

PARTIAL PAYMENT AND OTHER RECORDS ON REVERSE SIDE

* A FOR ANNUAL - S FOR SEMI-ANNUAL - Q FOR QUARTERLY

When a policy is received by the general agent from the company, he immediately prepares registration and index cards for that particular risk, filing the registration card numerically in the "*Outstanding File*," which contains all cards representing risks upon which premiums are in process of collection. When a remittance is received by the agent, the card is taken from the *Outstanding File*, the date of payment entered thereon, and proper entries are made in the cash-book provided by the company. Then the card is placed in the *Paid-to-be-reported File*. Upon designated days of the month, reports are made to the home office covering collections and expenses up to and including the date designated, and the cards in the *Paid File* are instantly available for report purposes, arranged in proper order. All information for the body of the report is taken from these cards, and as the cash-book entries covering report items are also taken from the same cards, the footings of the different columns in the report must agree with the footings of corresponding cash-book columns, thus checking the accuracy of the work.

The *Paid* cards are then sorted into another pile called the *In Force File*, where they remain until another premium payment is due, or until the agency is in receipt of renewal receipts for premiums falling due in the succeeding month. If the receipts, for instance, are for October, by running through the file and taking out in order each card that has an October tab, a corresponding receipt should be on hand. It is thus that the agency checks the home office. A check mark in a certain place upon the registration card to indicate that a renewal receipt has been received is the only record necessary unless there is a dividend to enter. The cards are good for ten years whether the premium is payable annually or quarterly.

The *cash book* is so designed that journalizing and

ledgerizing are reduced to a minimum, and in an instant the agent knows exactly what amount is due the company and what funds are available to his own uses. Remittances received in the agency are deposited in banks designated by the company, two separate accounts being used; one known as the *home office account*, in which the net collections due the company is deposited, and the other, called the *general agent's account*, which is maintained for the purpose of paying the necessary agency expenses.

A triple leaf *deposit record book* is used in making deposits, each slip being numbered. The original slip and first carbon copy are taken to the bank with the deposit, the bank retaining the original, while the teller places his stamp upon the duplicate, which is sent to the home office; the second carbon copy remains in the book as a permanent agency record.

Such deposit slips received at the home office as indicate deposits in the *home office account* are recorded and verified with the monthly statement from the bank, the agent also listing each deposit upon his report, the total of such deposits being the net amount due the company as indicated by such report. By this system, the agent does not send checks to the company but drafts are made by the company at its discretion upon these several banks where *Home Office Accounts* are maintained.

A *memorandum trial balance* form used in connection with the cash book will be explained in detail under the head of *Auditing*.

Home Office Accounting

Reverting again to home office accounting, we shall show very briefly what disposition is made of an agent's report after it is received and proved to be correct.

The balance sheet of report is turned over to the book-keeper, who makes the necessary entries in the cash book,

crediting first year premiums, renewal premiums, interest, etc., and debiting first commissions, renewal commissions, dividends, expenses and cash, the last named item being the "net" of report for which the treasurer has made draft upon the bank in which the agent had made adequate deposits to the company's credit.

The first company income is its paid-in capital, a portion of which is generally used to pay the expenses of organization, the remainder being invested in securities which constitute the assets, though the only safe way to organize a company is to sell the stock at an increase above par, thus creating an immediate surplus.

The money received from the sale of stock, plus the premiums and interest as computed from agents' reports is the *income*.

Commissions, dividends, expenses, death claims paid, etc., are *disbursements*, while the difference between income and disbursements is the *balance* or net income, representing the *ledger assets*.

Non-ledger assets consist of interest accrued but not paid, premiums in course of collection, bills receivable, agents' balances, etc., which being added to *ledger assets* make *total assets*.

The *liabilities* consist of *capital stock*, reserve on policies, unpaid death losses, bills payable, etc. The difference between total assets and liabilities is *surplus*, to arrive at the figures for which necessitates a vast amount of detail work, taxing the energies of everyone connected with the company from the board of directors down to the office boy, all striving to advance the interests of the company in order that the surplus may be of such a ratio to the assets as to indicate efficient management and well directed co-operation.

Accounting does not stop with the receipt of an agent's report and the making of entries in the cash book, or more properly speaking, cash book and journal. There

is a mass of details to study out covering the proper handling of the work in the several departments, under the heading of policy loans and interest, matured endowments, death claims, bond and mortgage, taxes, interest and rent, agency contracts and bonds, medical examinations, applications and policy, actuarial, underwriting, mailing and filing, etc., that would require much space to explain, any one of which affords sufficient matter for a separate article.

The whole subject of accounting resolves itself finally into the entries that are made in the cash book and journal and from there posted to the ledger, which is the source of the *trial balance*. Non-ledger items must necessarily be intelligently handled in addition to the above, and to finally strike a balance in the *annual statement* with the multitude of figures compiled from so many sources and passing through so many hands, shows the careful thought which must have been given the subject. No one man can claim all of the credit for the best accounting systems in operation in any of the large companies today, for they are the outgrowth of experience. Suggestions for the improvement of such systems are being presented daily by clerks who take an interest in their work, and they should be encouraged in so doing.

Casualty Insurance Accounting

The different forms of casualty insurance are operated along similar lines, except that premium collections are handled by the agents in a different manner; some companies requiring reports of collected premiums, plus premiums outstanding a certain number of days that have not been collected, the agent being obliged to advance the net of such unpaid premiums. Other companies require agents to report monthly the premiums upon all risks written and placed in force the previous month, al-

lowing the agent another thirty days in which to remit the balance due.

By this method the company can handle its business upon the *written basis* with fewer complications, knowing the exact amount at risk at the end of each month not later than the fifteenth of the succeeding month, and showing upon its books an exact ledger debit, without the trouble of adding up a mass of figures representing premiums written by an agent but not yet reported by him (whether paid to him or not only determined by an actual audit of his agency), to show what the agents' debit balance might be.

In one system the premiums written are accounted for monthly, while in the other, written premiums may not be accounted for until six months from date of issue.

Premium reserves on casualty business, say accident, are figured at 50 per cent. of the premium for the unexpired term of each policy, requiring an entirely different process of figuring from that used in life business, being far more simple.

Liability insurance requires a vast amount of detail work, especially in its statistical department, where the experience of each risk and each class of risks is compiled, and also in its claim department, the proper handling of which largely determines the amount of the surplus at the end of the year.

In nearly every form of casualty insurance, blank numbered policies in books of fifty are sent to the general agents who write their own policies, sending applications for same to the home office with daily reports.

A memorandum card record is kept of all blank policies sent to an agent and when an application is received indicating the issue of a policy, the date of issue and premium is entered against the corresponding number on the policy record card. A *registration card* (see Illustration No. 3) is then prepared and handled similarly to the

JAN. 4 APR. 1 JUL. 2 OCT. 3

POLICY NO.		H.O. NUMBER		NAME OF INSURED		AGENT	
DATE OF ISSUE <i>Apr 15, 1911</i>		KIND OF POLICY		RESIDENCE - STREET AND TOWN		STATE	
TERM <i>3 MONTHS</i>		AMOUNT		OCCUPATION		GENERAL AGENT	
CLASS		AGE AT ISSUE	HEIGHT	WEIGHT	COLOR	RELATIONSHIP	AGE
							HEIGHT
							WEIGHT

PERMITS OR RIDERS									
KIND		NUMBER	DATE	PREMIUM	AMOUNT	H.O. NO.	OTHER POLICIES		
ACCIDENT									
HEALTH									
PERMIT									

PREMIUM		RENEWALS											
TOTAL		1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	AGE	AGE
AGE	DATE PAID	AGE	DATE PAID	AGE	DATE PAID	AGE	DATE PAID	AGE	DATE PAID	AGE	DATE PAID	AGE	DATE PAID
1		2		3		4		5		6		7	
8		9		10		11		12		13		14	
15		16		17		18		19		20		21	
22		23		24		25		26		27		28	
29		30		31		32		33		34		35	
36		37		38		39		40		41		42	
43		44		45		46		47		48		49	
50		51		52		53		54		55		56	
57		58		59		60		61		62		63	
64		65		66		67		68		69		70	
71		72		73		74		75		76		77	
78		79		80		81		82		83		84	
85		86		87		88		89		90		91	
92		93		94		95		96		97		98	
99		100		101		102		103		104		105	

ILLUSTRATION NO. 3
 HOME OFFICE CARD
 REGISTERED HEALTH INSURERS
 FOR AGENTS 5x8 INCHES

EXP. APPROX. H.O. NO. 1018
FORM NO. A 1018

SEE REVERSE SIDE FOR OTHER MEMORANDA

method in the life insurance business. Renewal receipts are made at the home office and sent to the general agents for collection of premium, or returned as *not taken* when the risk is marked off the books.

Agency accounts are handled in practically the same manner as described in connection with life business, except that casualty business today is not handled exclusively upon a cash basis by the general agent, but credit is extended for varying periods of time to sub-agents and brokers, even though no additional time for reporting premiums may be given to the general agent by the home office.

Registration and Index Cards (see Illustration No. 4) are used in about the same manner as applied to life insurance, in addition to which a *brokers' loose-leaf memo ledger* is used, which contains under each broker's name a list of all policies sent to him for collection of premium, giving date, insured's name, and premium, against which entry the date of payment or return as "not taken" is entered.

The *Cash Book and Journal* contain the entries of premium, cash, and sub-agent's commission, also such other agency items as are incident to the business, practically no ledger accounts being necessary, and with journalizing reduced to a minimum.

The *banking of funds* and making of reports follows very closely the system outlined for life business.

Several companies are now operating through branch offices in the larger cities in which case the office is upon a salary basis—entirely eliminating the question of a general agent's overwriting commission, thus changing to some degree the bookkeeping and accounting system.

The report of an agent after being checked by the audit clerk is sent to the cashier, who makes a draft for the "net," entering the details of such report upon his cash book. It passes through several different departments—

POLICY NUMBER		NAME OF INSURED		SUB-AGENT	
FORM OF POLICY		RESIDENCE		STATE	STA. COMMISSION %
DATE OF ISSUE <i>July 19, 1911</i>		BUSINESS OR P.O. ADDRESS		EMPLOYED BY	
TERM 3 MONTHS		OCCUPATION			
AMT OF INSURANCE WEEKLY INCORPORITY		INSURANCE IN OTHER COMPANIES		BENEFICIARY	
AGE	HEIGHT	WEIGHT	RELATIONSHIP	AGE	HEIGHT
CLASS		COLOR	OTHER POLICIES IN THIS COMPANY		
DIV OF PREMIUM		TOTAL PREMIUM	RIDERS, PERMITS AND ENDORSEMENTS		
A	\$	Q	MEMORANDA		
1911		1912		1913	
RECH. REC.	DATE PAID	REPORTED	RECH. REC.	DATE PAID	REPORTED
1					
2					
3					
4					
RE-WITTEN		DATE	CANCELED	R.P. \$	DATE
NO.					
DATE					SEE OTHER SIDE FOR CLAIM RECORD
FORM NO. A 1857					

ILLUSTRATION NO. 4
REGISTRATION CARD
ACCORDING TO BUSINESS
1 X 6 INCHES

JAN. 3

APR. 4

JUL. 1

OCT. 2

each of which takes off certain items which are compiled each month for certain purposes, like the reserve, state book, division of expense, etc.,—the premiums reported are marked paid upon the registration cards, and the report is then filed for future reference.

Practically the same process is required to arrive at the *surplus* as in the life business, a few different items, perhaps, entering into the make-up of the assets and liabilities.

Some of the readers of this chapter will, no doubt, be so familiar with the details of the insurance business that the descriptions will appear too long, while other readers may think that not enough has been said to give one a very clear idea of the subject. The writer's endeavor has been to strike a happy medium.

Auditing

Being directly responsible to the directors of the company for the proper handling of its funds, the auditor is one of the most important of the officials connected with an insurance company. He must have a thorough knowledge of accounting in all its forms, be familiar with all of the details of the different kinds of insurance transacted by his company, if more than one, be strict in having his instructions complied with, and yet exercise at all times a spirit of fairness.

His rulings and instructions may at times appear severe, yet he should never show any inclination to be unjust or arrogant.

Co-operation with other officials of the company is essential, especially with the treasurer, with whom he should consult freely regarding financial matters. In connection with agency auditing and accounting as well, he comes in frequent contact with the *Agency Secretary*,

to whom are referred agency conditions that require improvement or radical changes.

The *Auditing Department* is composed of two branches, *Home Office and Agency*, and to accomplish the work in a large company a competent force of clerks is necessary. In a home office all receipts and disbursements are carefully verified each month, the money received accounted for, either by cash in the bank or on hand, all entries in the cash book and journal checked and the footings proved; the disbursements for expenses must have properly receipted vouchers, the ledger postings be checked, and the trial balance proved.

Bank accounts are also balanced each month. At certain periods the securities are examined and verified with the investment ledger and the collection of interest coupons carefully followed up. Mortgage loans, collateral loans, policy loans, etc., are also checked up to see if the necessary papers are intact. In fact, the *Auditing Department* must necessarily verify nearly all of the detail work in the office, except possibly that of the underwriting, medical, policy, and actuarial departments.

All of the books or cards used in accounting are either designed, suggested, or "O. K.'d" by the *Auditor*, who, by reason of his work, which covers nearly every branch of the business, is in a position to know what kind of records are necessary to produce the best results, in the most accurate manner, with the minimum of effort.

Agency auditing requires men of peculiar fitness, possibly with more knowledge of human nature than of accounting, men of tact, good judgment, gentlemanly appearance with keen perception, and of forceful personality. They should have a general knowledge of the details of the business, of the producing as well as the home office ends. Since all of the general agents are required to give bonds, a majority of which are secured from bonding companies, periodical audits are made in

each agency at least once each year, which is essential from a company standpoint and is also required by the bonding company before the renewal of the bond is issued.

The traveling auditor is furnished with a complete list of all policies, renewals, interest receipts, etc., charged to the agency to be audited, from which list he verifies each item. The items collected are entered, a balance sheet prepared showing the net amount due the company, after crediting commissions, etc., the funds on hand and in bank verified, and the cash book entries proved.

The items not collected must be accounted for by an undelivered receipt on hand, or a receipt showing delivery to a sub-agent for collection, or a copy of a transmitted letter showing its return to the home office for some particular reason.

In the case of new policies, they must either be in the agent's possession or a receipt on hand show delivery to a sub-agent, or if delivered to the insured, there must be a note showing settlement; otherwise, the net amount of premium is charged to the agent and considered in making up the balance sheet.

The auditor, after checking up all the items, places his O. K. against each item, unless one may be questioned for some reason, and returns the sheets with his *balance sheet* to the home office. He also fills out a form in triplicate, in which any suggestions or instructions are written, leaving one copy with the agent, sending the other two with the audit papers to the home office, one of which is filed in the auditing department, and the other handed to one of the officers of the company for his attention, if any is necessary.

With the cash book is furnished a pad of *memo trial balance* forms to be used in balancing the book, and once a week the cashier is required to send to the *Auditing Department* a signed copy of same, which shows at a

FORM NO. 000							
MEMORANDA TRIAL BALANCE							
BLANK LIFE INSURANCE CO.				AGENCY CASH RECORD BOOK			
----- AGENT -----				191..			
COLUMN HEADINGS	DEBIT	CREDIT	FUNDS ON HAND				
			CHECKS		CURRENCY		
FIRST PREMIUMS- REG					BILLS	50	
" " ANNT						20	
RENEWAL " REG						10	
" " ANNT						5	
INTEREST, DEFERRED					AND	2	
" " LOAN					GOLD		
PARTIAL PAYMENTS					COIN	1	
CO. CREDIT SUNDRIES						50c	
DIVIDENDS PAID			ILLUSTRATION NO. 5 FOR LIFE BUSINESS 5x8 INCHES			25c	
PAR. PAY'TS (chgd back)						10c	
EXPENSES & SUNDRIES						5c	
BALANCE H.O. BANK 1/2						1c	
AUTHORIZED { FIRST						Vouch	
* COMMISSIONS RENEWAL					ERS		
© TOTALS						Stamp	
<i>The excess of Total Credits over Total Debits is the amount due Company to be deposited in H.O. Bank 1/2.</i>						CUR.	
CASH						Cks	
MANAGER'S BANK 1/2					TOTAL	CHECKS & CASH	
SUB-AGENTS { FIRST					BALANCE IN BANK	MANAGER'S 1/2	
COMMISSIONS { REN'L					TOTAL FUNDS		
MANAGER'S SUNDRIES					LESS AMOUNT	DUE H.O. BANK	©
TOTAL AUTHORIZED	ADD HERE				NET FUNDS		
COMMISSIONS (* above)	TO BALANCE →				LESS ANY FUNDS	ADVANCED BY CO.	
{ Both amounts					AVAILABLE	AGENCY FUNDS	
TOTALS { must be alike							

* These amounts are entered in cash-book for Memo. only; the Totals not being used to balance book except when properly credited to Manager at Report time.

CASHIER

FILL OUT AND MAIL TO AUDITOR on the 8th, 15th, 23rd and last days of MONTH.

glance the exact condition of the agency so far as cash transactions are concerned, hence, without the expense of a complete audit, the company is very well posted concerning agency financial conditions (see Illustration No. 5).

In auditing agencies writing casualty insurance, especially where the reports are rendered upon the paid-for basis, more care is required in checking up outstanding accounts for the reason that policies and renewal receipts are sent out to sub-agents or delivered to the insured prior to the payment of premium, and to satisfy one's self that a premium has not been collected and the money diverted, calls for a close scrutiny of the accounts and records.

Where the company has adopted the plan of requiring monthly reports upon the written basis, in which case the "net" of report is charged to the agent as a ledger account, there is very little need of agency audits, for the amount due the company is always a definite one, and so far as the company is concerned, it is not interested in the amount of premiums collected by the agent. He reports to the company all premiums whether paid to him or not.

The auditor is not always heartily welcomed in an agency, but the experience of the writer has been a very pleasant one, the reliable general agent believing the audit to be as beneficial to his interests as it is a necessary part of the company's system, and he is very willing to facilitate the examination of his accounts, always appreciating suggestions for the improvement of his office records.

"Polite, but firm; strict, but not arrogant," should be the motto of an auditor.

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CHAPTER LXXII

PROCEDURE IN THE COURTS

BY JAMES C. JONES

TEXT: “ *A bad compromise is better than a good law suit.* ”

The story of a litigated policy claim is much the same as the story of all litigation. One litigant must, and both litigants may, lose. The only persons sure to win are the lawyers, but even with them their monetary profit is frequently more than offset by the depression that surely comes with defeat, the pain of which is not always shared by the client. But as litigation has always been and always will be, the insurance companies must be prepared to assume their share of it.

The following is only a brief outline of the history of a litigated claim, intended as much to discourage litigation as to indicate its general course when there is no other alternative.

Institution of the Action

An action is ordinarily begun by the claimant filing with the clerk of the designated court a *petition* (or complaint) which is usually (or should be) nothing more than a plain and concise statement of the material facts which, if proved, entitle the claimant to judgment. The claimant thereupon becomes the “ plaintiff ” and the company the “ defendant.” Usually, the petition need not be sworn to, but the contrary is the rule in some jurisdictions.

Service of Process

The petition is served upon the company by delivery of a copy thereof and the writ or summons (a notice commanding the company to appear in court at a time therein

designated and termed the "return day") to some official or other agent of the company, usually the superintendent of insurance, or some other person designated as the agent of the company for accepting service of process.

The Return Day

If a case is instituted in a court of the state where plaintiff resides and defendant is a citizen of another state and the case involves more than \$2,000 (or if other reasons exist which entitle the defendant to remove the case from the state court to the federal court under the constitution and statutes of the United States) the defendant may on or before the return day file in the state court his petition praying that the case be transferred to the federal court, and upon filing therewith the appropriate bond the case will be transferred (removed) to the federal court and be returnable to the next term of that court. In a number of states insurance companies are precluded by law from transferring a case from the state to a federal court.

The Pleadings

On the return day (or within such time thereafter as is fixed by statute or rule of court) the company must appear and *plead*, *i. e.*, make response to the plaintiff's claim and demand. If the company, or its attorney, believes that it is not liable even if all the plaintiff says in his petition is true, it *demurs*, *i. e.*, asks the court to adjudge that on plaintiff's own statement he has no cause of action and that the company should not be required to respond further to his claim; or, if his petition is believed to be so indefinite and uncertain that upon its fact it can not be determined what plaintiff's cause of complaint is, or, if his petition contains allegations which are irrelevant and immaterial to any claim he may have, the appropriate motion may be filed to correct these vices.

If neither demurrer nor motion be filed, or if, having

been filed, they are overruled, the defendant must *answer*, i. e., set forth in writing what *defense* it has to the plaintiff's statement of his case. This answer may consist of a mere *denial*, in whole or in part, of the facts alleged in the petition, or of such denial and further allegations of *new matter* which, being proved, will defeat the action, even though the facts alleged by plaintiff in the petition be ultimately proven. When this answer is filed the plaintiff may (in some instances) demur or otherwise move against it, or, if these be not filed, or, being filed, be overruled, the plaintiff may *reply* to the new matter set up in the answer.

When the reply is filed the case is *at issue*.

Trial of Issues

The issues thus made by the pleadings are customarily triable by jury (questions of *fact*, in American courts, being for the jury to determine, and questions of *law* for the judge to decide), though trial by jury may be waived where both parties consent, in which case the issues are triable by the judge sitting as a jury.

Counsel for either side having *stated the case*, i. e., explained the issues to be tried to the jury, and the proof intended to be offered, the evidence in support of those issues is introduced. Usually the plaintiff is permitted and required to first introduce his evidence, each witness as called, and after examination by plaintiff's counsel, being subject to cross-examination by the defendant's counsel. After the plaintiff has offered all the evidence which he has, or which he desires to offer, the defendant may *demur to the evidence*, i. e., request the court to rule that upon all the proof which plaintiff has offered he has not proved the facts alleged or that the facts alleged and proven do not entitle the plaintiff to a judgment. If this demurrer is sustained, the court will peremptorily direct the jury to find its verdict for the defendant, unless the



plaintiff shall forthwith take a "non-suit," i. e., voluntarily dismiss his case. If a demurrer to the evidence is not offered, or, being offered, is overruled, the defendant may proceed with his evidence, each witness, after he testifies on the direct examination conducted by defendant's counsel, being subject to cross-examination by plaintiff's counsel. To the evidence of the defendant when concluded, the plaintiff may offer *rebuttal evidence*, i. e., such testimony as tends to disprove the evidence offered by the defendant. Usually, this is as far as the evidence is permitted to go and when it is concluded the defendant may again *demur to the evidence*, i. e., request the court to rule that upon all the evidence the plaintiff is not entitled to recover because the evidence of the defendant so clearly disproves the plaintiff's case that the jury ought not to be permitted to find to the contrary. If this demurrer is not filed, or, being filed, is overruled, counsel for either side may argue the case to the jury, in some jurisdictions before, or in other jurisdictions, after the court has charged or instructed the jury as to the rules of law applicable to the facts as the jury shall find them. To such charge or instructions either party is entitled to *except* for erroneous declarations of law given by the court to the jury. After argument the jury retires to the jury room to consider and find its verdict and after consideration it returns into court and announces its verdict and upon this verdict the court renders its judgment—in favor of the plaintiff for the amount found by the jury, if the verdict is in plaintiff's favor, and in favor of the defendant, if the jury has so found.

Motion for New Trial

It is always a privilege of the defeated party to file a motion for a new trial, and in some jurisdictions such motion is a necessary pre-requisite to appeal.

The motion is intended to direct the court's attention

to errors committed in the course of the trial and, particularly, its rulings as to the admission and rejection of evidence and the declarations of law contained in the instructions or charge to the jury. Such motion is usually the occasion of extended argument by counsel at a time specially fixed by the court or provided for by its rules.

If the motion for a new trial is sustained, the case is re-tried either on the same pleadings or on amendments thereto, which amendments may be made by either party generally as of course. If the motion is overruled, the case, usually, may be appealed.

(A motion in arrest of judgment may also be filed and takes, generally speaking, the same course as a motion for new trial. Such motion is directed at errors in what is known as the record proper; for example, that the court had no jurisdiction to try the case or that on the pleadings judgment should have been for the defendant.)

Appeal

Within a limited time after judgment is rendered (and in some jurisdictions after the motions for new trial and in arrest have been overruled) the defeated party may take his appeal. In some jurisdictions an appeal lies from an order sustaining the motion for new trial.

The appeal may be by prayer therefor to the court which tried the case or by a writ of error issued, on application of the appealing party, by the reviewing court, according to the provisions of the local statutes.

When the appeal is allowed, or the writ of error is granted, it is incumbent upon the party appealing to give a bond, usually in double the amount of the judgment, if it is desired to prevent the execution and collection of the judgment pending appeal. Generally, it is an essential of the right of full review to have the testimony taken at the trial transcribed and the rulings of the court

thereon preserved in what is denominated a *bill of exceptions* and in some jurisdictions to *assign error*, i. e., specify the erroneous rulings of the trial court of which complaint is to be made on appeal.

On appeal the case is reviewed upon the record made in the trial court, which record includes the bill of exceptions, a copy or abstract of which is filed in the appellate court.

For the convenience of the judges of the appellate court, the rules of court usually require that the record, or an abstract thereof, be printed.

Alleged errors of the court during the trial are assigned in connection with the printed brief of the argument of counsel for appellant (or plaintiff in error) filed within a time limited by the rules of the appellate court. To this brief of the appellant the respondent may reply by brief printed in like manner within a period similarly limited.

At an appointed day, counsel on either side are permitted to argue the case on appeal after which, in due course, the appellate court determines whether the judgment shall be affirmed or reversed and set aside and the case remanded to the lower court for a new trial.

If the judgment be affirmed, a *mandate* is sent to the lower court directing execution of the judgment as rendered. Thereupon, generally speaking, the case is ended and the defeated party must forthwith pay the judgment and costs or submit to a levy of execution under which the sheriff or marshal may seize and sell at public auction any property of the defendant in the execution and apply the proceeds in satisfaction of the judgment.

If the appellate court shall reverse and remand the case, a new trial is held as in the first instance.

In determining the case on appeal it is usual for the court to render a written opinion, the law as laid down in which becomes the absolute guide for the court on the

re-trial of the case, as well as a precedent for other like cases.

When judgment is rendered upon the second trial, the same proceedings to secure a re-trial, by motion and by appeal, may be resorted to, as took place after the first trial, all questions determined upon the first appeal becoming, however, the law of the case, whereby the possible questions for consideration are very much restricted.

Such in brief is the history of the ordinary law suit, but some law suits are much more involved and complicated. Often difficult questions of jurisdiction arise and in some instances a court may assume unwarranted jurisdiction and a writ of *prohibition* may have to be obtained from a superior court. Again, given courts refuse to entertain jurisdiction where they should proceed to judgment and a writ of *mandamus* from the superior court commanding it to hear and determine the case is then the proper remedy. It goes, of course, without saying that even in the simplest form of a case intricate questions of evidence have frequently to be settled; at times it becomes impossible to prove an undoubted fact, either because of the death of the witnesses or of a party to the controversy and the consequent incompetency of the surviving party. Some of these or other obstacles and difficulties are apt to arise in every law suit.

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CHAPTER LXXIII

INSURABLE INTEREST AND CHANGE OF INTEREST

BY GEORGE RICHARDS

Insurable Interest

IN DEALING with insurance, we find that the relationship of the party insured to the subject matter of insurance, whether that subject matter be property, life, or bodily soundness, has a peculiar significance. This grows partly out of the fact that in this country courts and legislatures, very generally, have stamped their disapproval upon pure wagers as transactions unenforceable because inconsistent with a wise public policy. Hence the law of insurance requires that the insured must be able to disclose what is known as an insurable interest in order to support the validity of his policy. Prudent underwriting, also, demands the recognition of the same doctrine. Before this wholesome rule was established in England, insurance ran to all sorts of extravagant forms, the public welfare was seriously imperilled, grave occurrences insured against were dishonestly multiplied, and underwriters were frequently defrauded.

The subject of insurable interest naturally elaborates into complicated detail, but it is most helpful to bear in mind the simple proposition that the essence of a good insurable interest consists of a pecuniary interest in the preservation of the subject of insurance, as viewed at the time of entering into the contract. In life insurance, however, the law presumes that a person has an insurable interest, and to any amount, in his own life, and similarly an insurable interest is by many courts conclusively inferred from certain intimate relationships,

notably those existing between husband and wife, and parent and child; and more remote relationship, for example, that of brother to sister, or uncle to niece, coupled with any element of dependency for support, may also furnish the basis for an insurable interest in favor of the dependent. A creditor has an insurable interest in the life of his debtor, but in amount the insurance must not be too largely disproportionate to the size of the debt.

In the case of property insurance, it is not essential that the insured should have a right or title to the thing or subject exposed to the peril insured against, though this is common; it is enough to satisfy the law of insurable interest if he is so related to it, though without property right in it, as to be liable to pecuniary loss by its destruction or injury. Therefore, a stockholder of a corporation has an insurable interest in the property belonging to the corporation, and a salaried agent employed in a business establishment, the continuance of whose employment depends upon the preservation of the business, may, in like manner, have an insurable interest in property belonging exclusively to the employer. But such interests, which are very different from an absolute ownership of the property, must be appropriately described in the policy, and some method also must be available for arriving at their value. Other means of full indemnification besides the insurance do not militate against the existence of an insurable interest; for instance, where an insured mortgagee is abundantly secured by his other collateral. Liability to another, as in the case of an employer to an employee for personal injury, also, confers an insurable interest; and for the same reason an insurance company may lawfully reinsure with another company the whole or any part of its liability. A contingent interest, like expected profits, or a conditional remainder, or a reversionary estate, is

insurable; but a mere hope or expectation, or a purely sentimental interest, is not.

Whenever the actual value of the insurable interest is conjectural and indeterminate, as is usually the case with insurance upon future profits, or upon use and occupancy, the proper form of insurance is a valued policy, whereby the value, or method of fixing the value, is agreed upon in advance by stipulation in the policy. Some states have valued policy laws applicable to buildings. These are unwise and encourage fraudulent over-valuation.

Insurance is often taken out in a representative capacity, for example, by trustees, common carriers, warehousemen and commission merchants, in whole or in part for the benefit of others, and if the beneficiaries have an insurable interest, the demands of the law in this respect are fulfilled and the contract is sustainable. For such a purpose the policy usually runs to A. B. "on property his own or held by him in trust," etc.

In the case of life insurance the interest must exist at the time the contract is entered into, but need not exist at the time of loss. Thus the insurable interest of a wife will survive a divorce, and the insurable interest of a creditor will survive full payment of the debt by the debtor. On the other hand, in the case of fire insurance an actual interest must exist at the time of loss, since the contract is strictly one of indemnity only. At the beginning of the contract of fire insurance, also, there must be an interest, but the courts have not failed to recognize that often it would be impracticable, especially in the case of extensive and valuable properties, to make the acquisition of title and the procuring of insurance precisely contemporaneous, and, therefore, the better rule now is that if a man, expecting shortly to acquire property, takes out insurance upon it in good faith, the insurance may be perfectly valid, but in that event liability

of the insurers does not attach or become operative until the insurable interest is actually vested in the insured.

In most jurisdictions the law prevails that the insured may appoint any third party as beneficiary or payee in his life policy irrespective of whether such beneficiary has an insurable interest in the life insured. All such instances, however, may well invite the careful scrutiny of the cautious underwriter.

Accident insurance in all its many varieties is regarded legally as a branch of life insurance and hence governed by the same general principles.

Change of Interest

The contract of insurance is conspicuously a personal contract. It does not resemble a real estate covenant running with the title to the land. It does not of its own force follow transfers of the subject matter of insurance. All insurers, whose liability is invoked, must have an opportunity to pass upon the moral hazard involved in their engagements. No person can be thrust upon an insurer as a party to its contract without its consent. Exceptional doctrines appertaining to marine insurance are not here considered. From this course of reasoning it follows that if any insured owner of a building or other belonging sells his property, he thereupon loses all right to insurance upon it, and no right in the policy is carried over to the new owner without affirmative action on the part of the insurer. Hence it is obvious that, immediately upon closing a title, the experienced real estate agent will see to it that the appropriate printed consent of the insurer endorsed upon the old policy is duly executed by the representative of the company, or else that fresh insurance is procured in favor of the vendee.

In like manner it will readily be inferred that, unless co-partnership policies insure the firm "as now or may be hereafter constituted," all the outstanding insurance

upon the firm stock or other property will forthwith be vitiated by the introduction into the firm of a new partner without consent of the insurers. Favoring the validity of the contract, however, the following important distinction has been drawn by the courts; if no new party is brought into the transaction, transfers and redistributions of the insured property among partners or other parties jointly insured will not destroy the validity of their subsisting insurance.

An assignment in bankruptcy or insolvency, affecting the insured property, is a fatal "change of interest," but not so the usual executory contract of conveyance unaccompanied by change of possession. Such a contract by the majority of the courts is construed as merely an inchoate and uncompleted arrangement, of no significance as regards insurance policies until it may be consummated by delivery of the deed. Real estate mortgages, liens and incumbrances are not treated as sales, and commonly are not forbidden by the terms of the fire policy, but the express provisions of a chattel mortgage clause must be observed by the insured on penalty of forfeiture.

Not only is the character of the person an important element in the contract of insurance, but also the designated locality of the subject matter by the phraseology of the usual fire policy is made of the very essence of the contract, and, therefore, the practical suggestions just made regarding changes of party or ownership apply with equal force where, pending the term of insurance, the insured property is removed to some building or place other than that named. It may be noted, however, in this connection that nothing in the policy of the law, and nothing in the phraseology of the usual fire policy is construed to interfere with the purchase and sale of goods by the insured merchant in regular course, or with the orderly operations of commerce and of the household.

Accordingly the convenient doctrine is well established, as to property in its nature fluctuating, that the contents, for the time being, in factory, house, or other building, whether machinery, stock, furniture, materials, implements or the like, if of the class described generally in the policy, are duly covered by the insurance, but only while situated within the designated locality.

Assignment of Policies

It matters greatly to insurers against fire loss that they be informed who is in possession and charge of the insured property, and who as insured is interested to protect the property from loss. The regular life policy on the other hand is not paid to the insured in any event, but, after his death, to some third person; as, for example, to his executor or administrator, or, if they are expressly designated as beneficiaries, to his wife and children. It matters not so much then to the company who may be the mere payee or recipient of life insurance money. If the money is due, the sole aim of the company is to obtain a complete and sufficient acquittance or release. For this and other reasons it was held as common law in England and became common law in this country, that, while the fire policy was not assignable, the life policy was assignable without consent of the insurer, provided there was no express prohibition in the contract.

For the purpose of raising money or otherwise changing the beneficiaries, not infrequently a life policy is assigned during its term. It is important in such a case for the insurer, before giving consent, and still more before making payment under the policy, to ascertain whether the assignor had a right to assign. Has he made a prior assignment of the same policy? Why does he assign? Is he solvent? Have his creditors, or any

assignee in bankruptcy or insolvency, a claim upon this policy?

The express provisions of the policy regarding an assignment of the policy must be observed, but if the transfer is not absolute, if, for example, the insured has merely pledged his fire policy by way of additional security for a debt, the courts will not construe the act as an assignment involving forfeiture within the terms of the policy. It is only a conditional or partial assignment.

If property and the insurance upon it are transferred to a new owner with the consent of the insurer, the transaction is regarded by most courts as though the subsisting policy were cancelled and a new policy were issued direct to the purchaser, and he will not be allowed to suffer for any invalidity or breaches of warranty theretofore attaching to the policy. This is not the view of all the courts, however, as to breaches unknown to the insurer at the time of transfer.

After loss the money due upon any policy becomes a *chose in action*, and such a claim is by law assignable, nor can the insurer by any form of clause in his policy destroy its assignability, but in such a case the assignee takes subject to any defenses available as against the assignor.

Frequently a payee clause is attached to the fire insurance policy, for example, "loss, if any, payable to A. B. mortgagee." Such a clause in no sense creates an independent contract between the insurer and the payee, but the payee can recover only provided the insured is entitled to recover. On the other hand, the full or standard mortgagee clause, attachable to the fire policy, is construed in many respects as a separate and ancillary contract between the insurer and the mortgagee. The courts are divided on the question as to whether under the last named clause the mortgagee must serve proofs and bring suit within the limited period specified in the

policy, where the insured mortgagor neglects or refuses to take any action looking towards collection of the claim.

Change of Beneficiary: Life

If the policy, procured by the insured, is payable to himself, or to "his executors, administrators and assigns," it is his own property, subject to his control, and in most jurisdictions to claims of his creditors. But often it happens that third parties, wife, children or other dependents, are named in the policy as beneficiaries, and usually without the payment of any consideration moving from them. It is eminently appropriate that any man, when solvent, should make provision, by means of life and accident insurance, for the future support and comfort of those who thus rely upon him for their livelihood. The courts favor such provident arrangements; and, except in Wisconsin, it is generally the law that, unless some statute or some clause of the policy intervenes to prevent, a third party beneficiary acquires a vested interest in the policy and in the money to grow due thereon as soon as the policy issues—a right which cannot be disturbed by will or deed or act of assignment by the insured, or by claims of his creditors. If, on the other hand, by stipulation in the policy, or by statutory provision, or by the requirement of the charter or by-laws of the society, inferentially made a part of the contract, the appointment of a beneficiary is revocable, then no right becomes vested in an appointee before maturity of the policy, nor can he complain if against his will or without his consent he is superseded by a new beneficiary during the term of the insurance. Statutory provisions allowing a new appointment, however, cannot be invoked, where the first appointment is made in return for value paid by the first appointee.

Applicable to all beneficiaries, the important proposition will not be forgotten that any right to actually collect

the life insurance money is subject to due payment of the premiums, and to a full compliance on the part of the insured with all the conditions of his agreement, and, therefore, in practice the insured can usually at any time defeat an appointment, if he chooses, except as regards the surrender value of the policy, simply by omitting future payment of premiums.

If the first named appointee dies before maturity of the policy, though his interest was vested, by the better opinion a new appointment may be made. This rule is based upon the theory that an intended gift has failed before completion. If a portion of the class of beneficiaries named in the policy, for example, children, die before maturity of the policy, the courts are not agreed as to whether the survivors of the class take all, or whether the legal representations of those dying shall also share. Subject to prescribed formalities any beneficiary can in most jurisdictions transfer to any other person such interest and such interest only as he may have in a policy, but no appointment can be made, nor can the certificate of a fraternal society or beneficiary association be assigned, to one outside the classes permitted by the charter of the insurer.

Many state legislatures have passed statutes securing to wife and children a limit of protection in the life insurance taken out for their benefit as against the claims of creditors of the insured.

Loans on Policies

By statute, or express provision of the policy, or both, the insured usually has the right to borrow cash from the insurers on the security of his life insurance policy. The original purpose in offering this privilege was praiseworthy. The design was to put the insured in funds with which to pay premiums when some occasion of temporary embarrassment arose in his financial

affairs, and in this way to avert a needless surrender and sacrifice of his insurance.

Such loans involve no risk to the company advancing the money, for their aggregate amount is always limited by the reserve or surrender value of the policy which in reality belongs to the insured; but the situation of the borrower is quite different. For him the transaction often involves a real peril. Indeed for him this practice carries with it an unusually subtle temptation and altogether too easy a method to obtain ready money for all sorts of expenditures and ventures that may present themselves, and always at the expense of the insurance which peculiarly ought to be guarded and kept intact for the future protection of the family. Experience demonstrates that such loans, so often recklessly indulged in by the policyholder, are in comparatively rare instances ever repaid, and, as a consequence, the policy which is collateral to the loans is too apt to be ultimately lost, or its face value to be seriously impaired. Thus the very means which were intended for the preservation of the insurance tend to its destruction.

Nor does the insurance company, on its part, covet the happening of such disastrous results. The insurer prefers rather that the volume of its outstanding risks should be undiminished in amount, and that its patrons should contentedly reap the full measure of benefit which their insurance naturally promises to them. The insurer flourishes as the conviction spreads throughout the whole community, that insurance against bodily injury, sickness, premature death, or other misfortune, is without peradventure a great and beneficent blessing, and that this blessing is surely to be enjoyed whenever the casualty insured against may occur. The agent of the company then need not hesitate to volunteer a friendly warning to his customer to abstain from encumbering his policy with loans except in case of extreme necessity.



Bankruptcy of Policyholder

The insolvency or bankruptcy of the policyholder, occurring during the life of a policy, not infrequently gives rise to a number of questions in which the insurance company and its agents have an active interest.

Under the express terms of the usual fire policy, as we have already observed, a general assignment in insolvency or bankruptcy is construed by the courts as a fatal "change of interest," which, therefore, at once may cause a forfeiture of the whole policy, except as to any loss which has been previously incurred thereunder. Any such claim for a prior loss is a part of the bankrupt's estate, to be dealt with accordingly; but as to any existing insurance the policies should be properly endorsed to represent the new interest, or should be altogether replaced by fresh insurance running to the assignee or trustee.

In the case of life insurance the situation is often quite different and sometimes more complicated. The insolvency of the policyholder does not of itself violate any of the express provisions of the contract, but if the insurance is to continue unaffected it is clear that someone must continue to pay the stipulated premiums. It must also be of vital interest to the insurance company to know who is legally the owner of the policy, and of any insurance money to grow due thereon, and to whom, upon making payment under the policy, it may safely look for an acquittance or release.

If a person takes out a policy upon his own life payable to himself or to his estate, and pays the premiums thereon, the insurance is his own property and in most jurisdictions is subject to claims of his creditors, except in so far as some statutory provision may exempt. By the terms of the United State Bankruptcy Law, the bankrupt is given the privilege of keeping his life insurance, after turning over to the trustee in bankruptcy its sur-

render cash value. Such a provision is founded upon common sense. It secures to the creditors the present value of the insurance, and, at the same time, permits a continuance of the insurance for the benefit of the insured or his designated beneficiaries. Future speculation and its expense, involved in keeping up the insurance, do not properly belong to the trustee for creditors, but to the insured himself. If before the act of bankruptcy a policy has been assigned by the debtor to a certain creditor, merely as collateral security for the payment of his debt, then the creditor can retain out of the proceeds only enough to indemnify himself, and the balance, if any, belongs to the estate of the assignor.

If the insured has designated in his policy third persons as the beneficiaries, for example, wife and children, their interests, as we have seen, according to the views of the majority of our courts, became vested, and, therefore, are superior to the rights of the creditors of the insured, but state statutes are applicable to this situation, and the provisions of such statutes must govern as to the amount of the insurance which is exempt from the claims of his creditors, where the premiums have been paid out of his money. If, however, the beneficiary, for example, a wife, takes out the insurance upon her husband's life and pays the premiums out of her separate estate, then the insurance will belong to her absolutely, subject it may be to her own debts, but the creditors of her husband can establish no claim against the policy or its proceeds.

In like manner if a creditor take out insurance for his own benefit upon the life of his debtor, the insurance is primarily the property of the creditor. In certain states, however, out of regard to considerations of public policy, and to avoid all suspicion of wagering, the creditor is allowed to retain out of the proceeds of the insurance only the amount of the debt together with interest, includ-

ing also the premiums, or expense of keeping up the insurance. Any balance of insurance money he must hold as trustee for the debtor or his estate; but the majority of the courts allow the creditor to retain the whole, provided the amount of the insurance when taken out is not so grossly disproportionate to the amount of the debt as to indicate bad faith, or an intent to speculate rather than to obtain security.

Releases

The execution of a release under seal imports the receipt of a valuable consideration, and is the approved method of closing settlements and compromises, and of furnishing protection to the insurance company against unjust claims in the future.

The insurer is happy to make payment of the amount justly due upon its policy corresponding with the rate of premium, but is unwilling to make double payment, for which, indeed, he has received no adequate compensation. Not infrequently there are two or more persons each claiming the sole ownership of a policy and of the insurance fund accruing thereon. Sometimes the insurer may satisfactorily dispose of such a situation by obtaining the execution of releases by all the claimants in return for a check for the proper amount drawn to their joint order. Where this simple method is not available, the insurer may find it necessary to pay the insurance money into court under a process known as interpleading, thus relieving itself of further responsibility, and leaving it to the warring claimants to fight out their quarrels between themselves. The decree of the court, when obeyed, will then operate as a release, so far as the parties before the court are concerned.

Where, as is customary, the insurer acts without the aid of a court decree, the burden rests upon it to ascertain, and make payment to, the parties lawfully entitled

to the insurance money. A thoughtful perusal of the paragraphs preceding will go far towards indicating who are, and who are not, entitled to the proceeds of insurance within established rules of law.

If a creditor to whom the policy has been assigned has been paid his debt, and the policy is to be retransferred with the insurer's consent, it may be wise for the insurer to obtain a release from the creditor; and so also a release may be in order from the first appointee whenever one beneficiary designated in a policy is superseded by another.

A release tends to compose disputes and prevent litigation, and, therefore, is highly respected by the courts; but if obtained by concealment of the facts, or by any species of imposition, and especially by taking advantage of the inexperience of ignorant and illiterate persons, it may be set aside and disregarded by the court.¹

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CHAPTER LXXIV
RECEIVERSHIPS

BY WILLIAM R. VANCE

In General

COURTS of chancery, in the exercise of their customary jurisdiction, have been long accustomed to appoint receivers to take possession, on behalf of the court, of property subject to litigation in those courts, which for any reasons peculiar to the case could not properly be allowed to remain in the possession of any of the parties litigant. They did not, however, originally take jurisdiction of cases involving the winding up of insolvent corporations, nor did they appoint receivers of the property of such corporations excepting in a few very exceptional cases.

In comparatively early times it became customary, however, to authorize courts of chancery by statute to wind up the affairs of insolvent corporations, and, as an incident to such dissolution, to appoint receivers of the property of the corporation pending the final order for the distribution of its assets among its creditors and stockholders. Therefore, under the usual provisions of the general corporation laws it is competent for the courts to wind up insolvent insurance corporations, when proceedings have been properly instituted for such purpose, and to appoint receivers of their property. But since the business of insurance has become so important and extensive, and since, because of the peculiarity of its character, many questions arise in connection with the dissolution of insolvent insurance corporations and the regulation of insurance business that are not incident to similar proceedings with regard to other corporations, it has been deemed necessary in practically all the states to

make special and often very extensive provisions for the winding up of insurance companies. Such statutory provisions always specify how proceedings for the dissolution of insurance companies shall be instituted, and authorize courts to appoint receivers of their property. Therefore, any treatment of receiverships of insurance companies must necessarily be concerned chiefly with statutory receiverships. By way of introduction, however, it is desirable to consider briefly the character of the receiver as known to equity jurisprudence.

Character of Receiver

It will be borne in mind constantly that a receiver appointed by any court takes possession of the property in litigation as an officer of the court. His possession is, therefore, that of the court, and cannot, of course, be disturbed by any sort of possessory suits or actions. Furthermore, since he acts only as directed by the court, he cannot be sued on any account without the consent of the court by which he is appointed. But it is customary for such consent to be given in those cases where the receiver is put in charge of a business with instructions to carry it on actively, as in the case of receivers of railway corporations. Indeed, there is a general act of Congress which makes receivers appointed by the federal courts liable to suit brought by persons holding claims against the business that is being conducted.

The receiver possessing only such powers as are granted to him by the orders of the court appointing him, it necessarily follows that he may exercise such powers only within the jurisdiction of that court. He may secure an ancillary appointment in another jurisdiction from a different court, but without such additional authority he is powerless to act beyond the original jurisdiction. In this respect the receiver differs strikingly

from the superintendent or commissioner of insurance appointed in any state under the provisions of a statute. The commissioner is an officer of the state, existing by virtue of special legislative authority, and represents the state, whether within its limits or elsewhere. Therefore, when the commissioner of insurance of any state is authorized by the statute to take possession of the assets of a corporation domiciled within the state of his employment, he is entitled to recover the assets of the corporation, in whatever jurisdiction they may be found, and to institute all proceedings that may be necessary therefor. He is entitled to collect claims and receive property of the corporation in a foreign jurisdiction, even as against the adverse claims of creditors resident in that jurisdiction, excepting in those cases where by express statute of the state the foreign insurance corporation has been compelled to deposit funds with the treasurer of the state for the express purpose of securing creditors in that state.

Not infrequently courts of equity authorize receivers to take charge of the business of the corporation, and to continue that business until further orders of the court, as in cases of receiverships of railway corporations. It would be quite possible to conceive of cases in which a court might be justified in ordering the receiver of an insolvent insurance corporation to continue its business, but it is at once apparent that the business of an insurance company known to be in such difficulties as to require the appointment of a receiver could not be prosecuted successfully, since new business could not be secured, and the old policyholders would probably refuse to remain with the company. Therefore, in practice, courts seldom, if ever, authorize receivers of insurance companies to continue the business further than is necessary to wind them up in the interest of the creditors and policyholders.

When Receiver May be Appointed

Statutes authorizing proceedings to dissolve insurance companies and to throw them in the hands of a receiver generally specify as sufficient causes for such proceedings: (1) insolvency; (2) violation of law, or refusal to obey proper orders of the commissioner of insurance; (3) carrying on fraudulent business; (4) wasting its assets, and (5) exceeding its powers.

These statutes usually define with more or less of precision what constitutes such insolvency as justifies the appointment of a receiver. As a general rule, an insurance corporation is declared to be insolvent when the total amount of its assets is less than the amount of its present legal liabilities. But it is not to be supposed that the total amount of outstanding risks, whether in the case of life or fire insurance, constitutes the present liability of any company. In the case of life insurance, the legal liability of the company upon its outstanding policies at any time is but the aggregate of the reserve values of such policies, calculated in accordance with the mortality tables and the percentage of interest that may be specified in the statute of the particular state. Briefly put, it is the amount that would be necessary to reinsure all of the outstanding risks in a solvent company. In estimating the assets that are to be set over against the liabilities of the company whose solvency is in question, the court will not consider as assets the power of the insurance company to levy assessments, whether they be general or upon premium notes, since the probability of the payment of such assessments is too uncertain to serve as the basis of safe adjudication. Neither will the court count as assets promissory notes or other obligations of officers of the company, unless they be adequately secured by collateral of unquestioned value. So it has been held by the courts that where an assessment company has established a so-called "working capital," which is far

less in amount than would be the proper reserve fund for the amount of insurance outstanding, such "working capital" shall be counted a liability as a quasi reserve, rather than as an asset.

The statutes of practically all the states provide that where any insurance company refuses to obey an order issued by the commissioner of insurance in accordance with the law, that official may apply to a proper court for an injunction to prohibit the company from continuing business until the order is obeyed, and also, after a proper hearing, for a receiver to take charge of its assets. It is manifest that a similar power should be given to the commissioner in case the corporation is exceeding its powers. Thus, for instance, where the corporation is transferring its business and franchise without proper authority, or assigning its assets for the benefit of preferred creditors when such assignment is not permitted by law, it is clear that the public interest requires that the court should take possession of its assets and deal with them in accordance with the just rights of creditors, stockholders and policyholders.

Even when an insurance company is perfectly solvent, its officers may be dealing so fraudulently with its policyholders and so wasting the funds of the company as to justify the appointment of a receiver to take possession of the assets. This principle is well illustrated by a case that recently arose in Pennsylvania. In 1894 three enterprising persons gained control of the Pennsylvania Mutual Life Insurance Company. In 1895 this company reported invested assets amounting to \$86,297.88 and an income of \$94,286.42. In the following year, the controlling financiers having made themselves president, secretary and treasurer, respectively, of the company, reinsured all of the policies save one for \$1,000, the annual premium upon which was \$15.30. Having thus practically discontinued the business of the company, and

being without expense for office rent or labor, they nevertheless paid themselves annual salaries of \$10,000 for the president and \$5,000 each for the secretary and treasurer, in addition to a large amount of back pay, presumably as compensation for their enterprise and resourcefulness. By 1899 the assets were reduced to \$6,157.63. The lone policyholder thereupon filed a bill, asking that a receiver be appointed to take possession of the fast diminishing assets. Here the company was still able easily to discharge all of its liabilities to the solitary policyholder, but the court very properly took jurisdiction and appointed a receiver for the purpose of preventing such an outrageous waste of trust funds.*

At Whose Motion Appointed

In the absence of a particular method of procedure specified by statute, any creditor of an insurance company may petition a court for the dissolution of the company and the appointment of a receiver. For this purpose a stockholder is regarded as a creditor of the corporation, and so is a policyholder, for although his policy is not yet matured, yet it may be regarded as a claim to the extent of its reserve value. But almost without exception the statutes of the different states specify just how proceedings to call in question the acts of an insurance company and for receivers shall be instituted, and by what persons. Such statutory methods are held to be exclusive of the general right that might have otherwise existed in a creditor.

The statutes generally require the commissioner of insurance to make annual examinations of the condition of insurance companies doing business within the state. If such examination gives him reason to think that any domestic company is insolvent, has exceeded its powers, has failed to comply with the law, or that it is in such

*See *Treat vs. Pennsylvania Mutual Life Ins. Co.*, 203 Pa. St. 21.

a condition as to render further continuance of its business injurious to the public, he is directed to apply to the proper court for an injunction against the continuance of the business, and for a receiver. A receiver is never appointed until it is made clear at a hearing specially ordered for such purpose that justice requires that the corporation shall be deprived of the control of its assets. The court will not lightly appoint a receiver. Therefore, it has been held that where at the time of the filing of the petition for a receiver the company's liabilities were greater than its assets, yet when at the time of the hearing it could be shown that the liabilities had been reduced by compromise to an amount less than the admitted assets, a receiver would not be appointed. So where the commissioner discovers that the capital of a stock company is impaired he is required to give such company notice and an opportunity to make good the deficiency before instituting proceedings for its dissolution.

Rights and Liabilities of Policyholders

As a general proposition, the rights of the policyholders against an insurance company that is being wound up become fixed at the time of the filing of the petition for a dissolution, assuming that a decree of dissolution and distribution of assets is finally entered. This is on the theory that when the facts requiring a dissolution are set before the court in the petition it is the duty of the court to distribute the assets in accordance with the conditions existing at that time. Therefore, all matured claims that arose under policies prior to proceedings for dissolution may be presented for settlement, but claims that matured, whether by death of the policyholder in life insurance, or by destruction of property in the case of fire insurance, after the beginning of the proceedings, will not be recognized. The rights of the policy-

holders, having become fixed at the institution of the proceedings, cannot be transformed into rights of a different character by events subsequently occurring. In effect, the dissolution of the company cancels all its policies in so far as they are executory contracts.

For determining the rights of the holders of life policies by valuation of outstanding policies, the statutes usually fix definite rules, as indicated above. In the absence of such specific rules, many difficulties have arisen in connection with the receiver's duty to value the outstanding policies. Thus it has been held that where at the time of valuation the policyholder was in such a condition by reason of advanced age or bad health that he could not secure reinsurance, his policy should be accounted as matured by loss. It has even been held that where a policyholder died after the petition for dissolution, but within the time set by the court for the presentation of claims, the policy became an absolute claim for the amount set forth on its face.*

Such liabilities or contract obligations as the policyholder may have incurred in consideration of his insurance are none the less binding upon him after the corporation is thrown into the hands of a receiver. The receiver may, of course, collect all claims for premiums or assessments that had become fixed liabilities against the policyholders before dissolution. He may also proceed to levy assessments upon premium notes given by the policyholders, and also general assessments that may be necessary to raise the money needed for paying the debts of the corporation. It is necessary, however, that all such assessments, in order to be binding upon the policyholders, shall be made in strict compliance with all of the conditions of the contract, as set forth in the company's charter or constitution and by-laws, as well as in the policy or certificate. Furthermore, it is clear that the policyholder or

* See 4, Joyce on Insurance, Sec. 3595.

stockholder who thus becomes liable to make payment to the receiver cannot set off such claims as he may possess against the company. As to claims against the company, he is entitled only to share ratably with the other creditors in the assets, whereas, as a debtor, he is obliged to pay in full.

Rights and Duties of Receivers

As already stated, the receiver represents the court, and is not to be regarded as the agent of any of the parties in litigation. In another sense, however, he represents the insolvent corporation, and for the purpose of winding up its affairs may exercise all of its powers. Thus he may bring such actions as are necessary to collect the assets of the corporation, and may do such other acts as may be necessary to mature claims belonging to the corporation, such as making assessments in the manner indicated above. As a general rule, the receiver may accept surrender of policies, cancel policies and adjust losses, but he cannot in settling disputed losses waive any lawful defense that might be set up on behalf of the corporation. In settling up the affairs of a fire insurance company, the receiver is even empowered to issue certificates of indebtedness for the unearned portion of premiums that have been paid in cash.

While it is thus seen that the powers of the receiver in settling up the affairs of the insolvent corporation are very broad, it should be further noted that in some instances he may enforce claims for the benefit of the creditors which the directors of the corporation could not themselves have enforced. Thus, where a going corporation through its proper officers has released premium notes or other obligation of stockholders or policyholders, or has marked subscriptions fully paid when in fact they were not, it is estopped to enforce by action such claims. But the receiver, acting rather on behalf of the creditors

at large than on account of the defunct corporation, is not subject to such estoppel, and may enforce all such claims despite any releases given in fraud of the rights of creditors if they are in fact justly payable.

It is usually made the duty of the receiver pending the proceedings for dissolution to make periodic reports to the court of the condition of the affairs of the corporation. These reports, as well as the final report made by the receiver distributing the assets, are generally required to be submitted to and approved by the commissioner of insurance.

After having collected all the assets of the corporation, it is the duty of the receiver to distribute them, under the orders of the court, to those claimants who under the law are entitled to them. Where statutes have fixed priorities among the different classes of claimants, manifestly the receiver must be governed by them. Thus, for example, the statutes of New York provide for the registrations of policies and annuity bonds in the office of the superintendent of insurance, which, upon the insolvency of the issuing company, become a first lien upon the securities required to be deposited by the company in the office of the treasurer of the state. In the absence of special statutes the funds in the hands of the receiver will be applied first to the payment of the expenses of the litigation, including such reasonable compensation to the receiver as may be fixed by the court, and secondly, to the satisfaction of debts due to lien creditors. The claims of general creditors, the demands of policyholders who have suffered loss, and of those who have not, as well as the rights of stockholders, must be determined in accordance with the settled rules of equity, careful regard being paid to the special provisions of the contracts upon which the claims are based, and to any special or trust fund that may have been created thereunder. Thus, where the contract of an assessment insurance company, as set

forth in its constitution, by-laws and certificates, created two separate funds, one for the payment of existing death claims, and the other as a reserve fund for outstanding policies, it was held in New York that the receiver could not make good out of the reserve fund a deficiency in the death fund to meet existing death claims. Under the contract the reserve fund was impressed with a trust in favor of those holding unmatured policies, and was applied to the payment of the present values of such policies.¹

Commissioners Acting as Receivers

It should be finally observed that in accordance with the provisions of some of the states the superintendent or commissioner of insurance is authorized under specified circumstances, usually when the charter of the corporation is annulled, to take charge of the assets of the corporation, and to administer them very much in the same manner as a receiver. As heretofore shown, however, the commissioner of insurance acting in this capacity possesses quite a different character from the receiver. He usually takes actual title to the assets of the corporation, merely holding them in trust for its creditors, and acts in his own legal right, rather than as a mere officer of a court of chancery.²

¹See *In re Equitable Reserve Fund Life Assn.* 131 N.Y. 354

²See *Consolidated Laws, N.Y.* p. 1715; *Sec. 63 Gen. Statutes, Conn. (1902)* Secs. 3550-3551.

CHAPTER LXXV

BANK ACCOUNTS

BY DAN NORMAN

Introduction

BEFORE attempting to point out some of the ways in which these two classes of institutions are strikingly co-related, it may be worth while to give one or two historical facts about banks and banking, a condensed explanation of the different kinds of banks in this country; and also to briefly refer to the management and departmental organization of a large bank.

The great antiquity of banking is well established by recorded history. We find in the Mosaic Law reference to the taking of interest for the use of money and in Babylon, Egibi founded a banking house in the year B. C. 604. But our present institutions are evolutions of a system which had its origin at a much later period, though quite far enough back to assure the dignity of an ancestry. The Bank of Venice, the first to attain prominence following the revival of civilization, began its existence in 1157.

In those early times financial transactions were crude and infinitesimal. As business expanded, foreign coins were taken on deposit at their bullion value; and the transfer of credits by the use of checks and bills of exchange was resorted to. Although these transactions occurred, commerce and manufacture and travel did not for a long time make it necessary that they assume present day proportions. Domestic trade has grown to be so heavy and so widely distributed as to call for the most scientific use of the exchanges; and the highly organized trade of the world adds a character and scope of dealings

that to the ancients would have baffled comprehension. To satisfy the requirements of modern business in all its intricacies of detail and immensity of volume, banks and banking, guided and perfected by knowledge gained from many blunders and disastrous losses, have marched abreast with other developments.

Different Kinds of Banks

NATIONAL BANKS. In the United States banks are chartered either by the federal government, under the National Bank Act, or by the various states. To organize under the federal law, application must be made to the comptroller of the currency, who may, in certain circumstances, refuse to give his consent. The law is specific as to minimum capital, which is graded from \$200,000 in cities of 50,000 population or over down to \$25,000 in towns where the number of inhabitants does not exceed 3,000. In what are designated reserve and central reserve cities, banks must maintain a reserve of 25 per cent. against deposits and associations in all other places must keep a reserve of 15 per cent. of deposits. The taking of real estate security, except to prevent loss on loans previously contracted in good faith, is a violation of the National Bank Act.

The comptroller has great power with respect to banks subject to his jurisdiction, which extends to all national banks. The incumbents of the office, through a broad gauge policy of interpretation and enforcement of the law, and by impressing upon their examiners a sense of responsibility in the matter of careful and thorough examinations, have been able to place a premium on conservative banking and have also succeeded in weeding out of the profession many men who lacked the indispensable qualities of good character, sound judgment, capacity and sufficient capital; and comptrollers have in like manner deterred others who did not possess these requi-

sites from ever entering the ranks. Government supervision and inspection inspires confidence, and this promotes the establishment of close connections between national banks in all parts of the country. This enables them to handle the multitude of out of town collections or other items of their customers and correspondents safely, expeditiously and economically.

As insurance companies recognize practically no territorial boundaries, and have an extensive volume of collections and other items on far-away and near-by points; occupy a fiduciary relationship towards those whose funds they hold; maintain very large bank accounts and have great totals of investible funds, they are deeply concerned over the best possible selection of a depository. Therefore, the abundant protection and superior facilities afforded by national banks attract them as customers. Handsome balances are also carried with state banks and trust companies that have commercial banking departments and facilities similar to those possessed by the national banks.

STATE BANKS. State banks receive their authority from the states in which they are located. Most of the states have comprehensive statutes which clearly define the rights and privileges of these corporations and throw around the business effective safeguards by compelling the investment of sufficient capital, providing proper examinations and maintaining an efficient banking department with capable examiners. These institutions are permitted to loan on security of real estate and to act as executors, trustees and business agents, and legal sanction of that character of loans and possession of such extended powers in the majority of cases furnishes the motive for entering the state as against the national system, when the former is chosen. For these reasons, many able members of the fraternity prefer to conduct state institutions. In saying that in the centers they

naturally are more or less restricted to local patronage, criticism or disparagement is not intended.

SAVINGS BANKS. Strictly speaking, savings banks are mutual undertakings for benefit of their depositors, but usually, in this country, state corporations, having general banking and trust company powers, do this class of business in a department set apart for that purpose, although several states have stringent savings bank laws which restrict the investment of deposits to certain securities.

Savings banks were unknown prior to 1787, in which year one was established in a small way at Hamburg, Germany. The pioneer in the United States was the Philadelphia Savings Fund Society, started in 1816, and incorporated in 1819. Conceived as a philanthropic movement, to assist the working man in caring for his savings, with advancement in wages and with his desire to provide for old age, the savings bank has become indispensable to society. His disposition to save is further evidenced by the practice of protecting his property through the purchase of fire insurance, and his family by carrying life insurance, for he realizes that money so used is really a contribution to a fund upon which he or his family may draw at a time of adversity. In sections where population is dense, savings deposits have made gains that are almost incredible. In 1891 the savings deposits in Chicago were \$14,400,000 and on December 31, 1910, aggregated \$189,800,000.

PRIVATE BANKS. Private banks differ very much from any of the foregoing, because with them the relationship is not between a depositor and a corporation composed of a number of persons—stockholders, directors and officers—but between the depositor and one man or a partnership composed of several men. Some of the states have special laws regulating these banks. Ordinarily in the large cities their clientele is confined to a smaller

circle than that of other banks, and while many private bankers receive deposits, they frequently are made with the view of early conversion into investments. These houses in the aggregate constitute a mighty power in the financial world, and it would be next to impossible to bring out successfully the big issues of securities without their co-operation. Private bankers in the smaller places transact a regular deposit and discount business, and there are many whose reputation for character, conservatism, good judgment and sound financial position gives them high standing.

TRUST COMPANIES. In managing large private estates, acting as registrar and transfer agent for security issues and as trustee under mortgages securing bonds, the trust company has become a most useful part of the machinery of banking. There can be no more ideal arrangement. The individual executor, administrator or trustee may be inexperienced, become incapacitated, or lack time, inclination or facilities for properly discharging his duties, but the trust company is a legal creation with perpetual powers, its officers are trained for this kind of work and the office is properly equipped. Trust companies also receive deposits in their banking departments, and not infrequently the functions of the trust company are performed by state banks.

Directors

In deciding upon the kind of bank to be started, thought should be given to the class of customers to be reached. This question having been settled, and sufficient capital provided, the best available men ought to be secured as directors. Of course they should be men whose integrity, character, success, good judgment and financial standing inspire confidence, and they should be selected from as wide a range of business activity as possible. Their fidelity to duty should be so well known as to stand with-

out question, for acceptance of a place on a board of directors carries with it an acknowledgment of an obligation to exercise general supervision over the affairs of the bank, to inquire into the quality of its loans and to see that in the breadth and wisdom of its policies neither depositors nor stockholders suffer.

Officers

Time was when a grasping disposition was the first requisite for a bank official. Not so now; requirements have been more clearly defined. No detail when it comes to serving customers should appear too trifling to bank officers, from president down; and as profits and safety of investments depend upon the average condition in all lines, they cannot with prudence neglect any. A banker's time belongs to his bank and its clients. His horizon, however, must reach beyond his own door; it is not enough that he secure deposits through one window and make loans at current rates of interest through another, or that he buy an issue of bonds and resell them at a small commission to investors who rely upon his judgment. His position throws upon him the responsibility of acting as a balance wheel in the general operations of the community, state, nation or world and he should, therefore, inform himself in a general way about the crops, railroad earnings, manufacturing operations, labor conditions and governmental affairs. It is not sufficient for him to know that the farmer to whom he has made a loan has prospects of a good crop from which to retire his note, but he should inform himself as to the crops of his country; that one railroad whose securities he holds as collateral is losing money or prospering, he ought to know, but he should also have general information relative to the prosperity of other railroad companies; a manufacturing concern whose notes are among his assets, may be making satisfactory earnings but that does not

excuse him for not keeping posted about general conditions affecting other manufacturers; labor may be fully and profitably employed—and contented—in his town, but if there be unusual idleness or pronounced dissatisfaction elsewhere, it is his duty to take cognizance thereof; and that his government's finances are in splendid shape should be cause for patriotic pride, but this does not exonerate him for failure to take into account the bankruptcy of other governments.

Departments

TELLERS. The officers do not come in contact with the average depositor as frequently as do the tellers, who are in a position, by courtesy or lack of it, to mould opinion for or against the bank. Receiving and paying tellers especially work at high tension, and must at the same time be accurate. Consideration for the bank's patrons by these employees must be coupled with an easy despatch of business. Receiving tellers take in deposits made up of cash, checks on local banks and those in other cities, and also drafts and bill of lading items, all listed on deposit tickets provided for that purpose. Such tickets are entered on sheets and then sent to the bookkeepers for credit in customers' accounts and their total must agree with the total cash carried over and charged to payers, plus items on other local banks (charged to the clearing house department), those on their own bank (charged to the bookkeeping department), and out of town items debited to the New York, transit or country collection departments. The payers get their supply of cash either from the various other tellers, principally receivers and express, the bank vaults or through credits at the clearing house. Their work calls for the greatest care, for they not only have to balance at night, but payments made through the day, if to the wrong parties, or

on checks that are not good, may or may not be recovered. They must constantly be on the lookout for irregularities.

DISCOUNT AND COLLATERAL DEPARTMENTS. The discount department is the most important in a bank, for from loans is derived the principal income. The vice-presidents, guided by the advice of the president, discount committee, credit information, and their own experience, pass on loans in most large banks, and have supervision of the department. Here is where money can be earned at a moderate return on the investment, if loans are wisely made; but if, in this particular, bad judgment or lax methods are used, earnings are dissipated very rapidly. The two principal books of the discount department are the journal, or register, and the ledger. The journal figures are balanced daily, and a trial balance of the ledger is taken at stated periods. An excellent method of daily ledger balancing has been devised.

Working in conjunction with the discount department is the one having charge of collateral. It holds all collateral to loans, records being kept in suitable registers, one of the most essential showing all loans collateraled by securities of a particular corporation. It is the duty of clerks in this department to see that there is at all times a safe margin on loans secured by pledges of stocks, bonds, produce, etc., and to this end daily corrections of quotations have to be made on the registers.

In both of above departments the insurance policy plays its part. Not many loans on life insurance are made by banks, holders finding the issuing companies treat them with liberality in this respect, but this class of policies has often proven advantageous in strengthening the credit of firms and corporations, the practice being to insure their members or officers, the firm or corporation being named as beneficiary. Banks and other creditors take this form of protection into consider-

ation. Fire policies accompany and form part of quantities of collateral, and it is but fair to the companies to say that a great many loans would be refused if the security were not reinforced in this manner.

CREDIT DEPARTMENT. Other clerks may strike a balance and go home feeling that the day's work is done; not so in the credit department. There are old files to be revised or new names to be looked up, and there is a mass of information to be arranged and filed. To be able to draw right conclusions from financial statements they have to be compared one year with another. These comparisons are made on specially arranged blanks; and for each year from the total of quick or readily convertible assets, consisting of cash, bills and accounts receivable, merchandise—finished and unfinished—and raw material, is deducted total current liabilities, *i. e.*, bills and accounts payable, bond interest and taxes, the difference of course being excess of quick assets over current liabilities. These figures, taken with the annual increase or decrease in capital, surplus, etc., comprise data that is necessary to the officers who gauge credits. Tabulation of these statements is one of the many duties of the credit department. It daily answers many inquiries from correspondents or other bankers, and from the thousands of files which have been kept up over a period of years is able to give reliable information on credits. This service brings remuneration by attracting new friends and customers. The vice-presidents' hobby runs in the direction of building up for their banks a most efficient credit department, it being one of the three under their direct supervision.

AUDITING DEPARTMENT. In the past fifteen or twenty years there has been a change towards more thorough systematizing and nothing better confirms this statement than the inauguration and growth of the auditing department. Here are collected many of the records and

statistics of the bank, and it falls to the lot of this department to investigate and adjust errors occurring between the bank and its customers, or between the different departments. One of its principal offices is that of "home" examiner, and the auditor uses his own discretion or acts by direction of some other officer, as to how often or when he will examine the work of an employee or a department. A visit may be made by him and his assistants at any time, and this is done invariably without warning. He divides honors with the national bank, state bank or clearing house examiners in detecting errors, loose methods or irregularities. The auditor naturally has opportunity for observing the strong and weak points existing in or between the several departments, and suggestions of needed changes frequently emanate from him, and when not of his making, are usually left for him to perfect and bring into harmony with the working plans of the office.

GENERAL BOOKS. Totals from all departments are assembled in this one, and among numerous other duties, it makes up daily a financial statement of the bank which is as complete as that issued by the average mercantile or manufacturing establishment every six or twelve months. After the tellers and bookkeepers have handed in their totals, the real work of the general bookkeeper and his assistants begins and their figures must be ready at the commencement of the next day's business.

CLEARING HOUSE DEPARTMENT. One of the functions of the clearing house association is that of exchanging at the least expense and with the minimum of labor, checks and drafts on its members. The clearing house department lists all checks and drafts on other local banks and these are sent to the rooms of the association at the appointed hour and "cleared" to clerks from the banks on which they are drawn, who do the same with lists and items from their own banks. If bank "A" sends to the

clearing house a greater amount on other banks than their combined totals on it, it is entitled to receive the difference in cash, or, as has lately been provided in some of the larger cities, these payments may and nearly always are made in certificates representing gold or legal tenders deposited with the clearing house.

TRANSIT DEPARTMENT. Large banks, to facilitate the economical collection of the astonishingly great number of checks and drafts which they daily have to send to other cities all over the country, have given special attention to the transit department. The officer who successfully directs this department must be both organizer and master of system and he needs as assistants a capable manager and a large force of clerks. The almost limitless area to be covered and the thousands upon thousands of items to be handled, require care in routing and the amount of funds in transit warrants devoting a great deal of time and careful attention to the department. A few cents extra on the cost of collecting any considerable number of the forty or fifty thousand drafts sent out daily would reach quite a sum in the course of a year; and the loss of very many of these items would entail much time and correspondence in obtaining duplicates. These forty or fifty thousand items have to be listed, balanced and put in the post office in time for outgoing trains, as, aside from the hazard of delay in presentation, an hour late at the post office would result in an actual loss on funds not available for loans, and the aggregate outstanding, running from a few hundred thousand with a good big bank, to ten or twelve million dollars with the very large ones, means that lack of promptness in securing returns is an element in banking that cannot be disregarded.

ANALYSIS DEPARTMENT. It is only within recent years that banks have awakened to the fact that not all deposit accounts result in profit. It is no longer taken for

granted that mere size of deposits carefully loaned produce fair earnings. An account may show handsome balances and yet analysis may prove that the business is being done at a loss or for too small a profit. The up-to-date analysis man must first of all arrive at the exact ratio of expense that is properly chargeable to the different departments and to different classes of business, and having done this he takes the average balance of an account over a given time and deducts the average of items in transit and the percentage of lawful reserve, in order to determine the average loanable fund remaining, on which he computes interest at the average rate for the time covered. From the computation thus made he deducts the amount of expense and discovers whether the account is being handled on a profit or loss basis. If the latter, his resourcefulness is put to the test, for he is expected to make suggestions that will hold the account, but under a new arrangement which will make it profitable.

MISCELLANEOUS. Mention might be made of the country and city collection departments; the former as its designation indicates, receives and forwards all collection items (not checks or bank drafts, which are sent through the transit department), on out of town points, and the latter collects all items drawn on individuals, firms and corporations (other than banks) payable in the city. The foreign banking and bond departments are important in many banks, but unless a person intends specializing in foreign banking or as a bond man, a detailed explanation of them would add nothing of value to this chapter. The note tellers' duties are well enough known. There are various other departments in every big bank, but they are not of sufficient interest, except to a student of banking, to warrant space here.

Insurance Company Bank Accounts

The insurance company bank account is regarded as one of great value; there is an almost constant stream of deposits arising from premiums, and the scientific distribution of risks and losses avoids frequent or marked fluctuations in this class of accounts. Therefore, the banker desires them as a steadying factor, for he, more than anyone else, realizes that much of his earnings and freedom from extra worry are due to his ability to secure and hold, on reasonable terms, a fair percentage of accounts that do not fluctuate unduly. More than once these have supplied the ammunition with which bank officials have stepped into the breach and prevented or checked serious disorders in this country by granting loans when and where they would do the most good. Without these fairly stationary and, therefore, dependable balances, their hands would have been tied. And insurance companies not being borrowers, except in very rare instances, made this all the more feasible. Insurance company bank accounts are also desirable because usually they are of generous size.

Insurance companies are more technical than other corporations and expect of banks a greater variety of detail in the handling of accounts; their enumeration of payees, often several being named in one check, with corresponding necessity for greater care as to endorsements, is more exacting; they use voucher checks, which can never be handled with the same facility as the ordinary kind; and they are apt to make various requirements as to signatures and countersignatures against certain accounts as distinguished from certain other accounts of the same company, and as to remittances at stated intervals (from cities where only agencies are located) to the home office or depositaries. Of course a well organized bank must be prepared to comply with these stipulations. But while exacting, insurance com-

pany officials and auditors know what they want in these matters and also know how to co-operate with their bankers in having the accounts handled in accordance with their wishes.

Some Similarities

To all who have part in the management of either insurance companies or banks, it is apparent that they bear close resemblance in many of their functions. Both hold great sums of money in trust for others, and are extensive investors, or lenders, insurance companies investing largely in bonds, and banks lending on short term notes to their customers or to concerns whose standing is so high as to create a market for their notes placed through commercial paper dealers. Insurance companies and state, savings and private banks also carry stupendous amounts in real estate mortgages. Fire insurance is a prerequisite to bond and mortgage investments, for if the purchase be of bonds the trustee, and of mortgages, the mortgagee, demands policies covering improvements if any considerable part of such improvements is liable to destruction by fire.

These investments and loans, colossal in the aggregate, are the fountain head from which springs enterprise and development, with resultant employment of labor. To prove this, let the channels through which they flow be closed by apprehension due to over-expansion, or some such calamity as a crop failure or demagogic agitation and political persecution, and the ranks of the employed thin out immediately.

In the case of both insurance companies and banks, these funds consist of accumulations gathered from wide areas and from all classes of people; to the one they come as premiums, and to the other as deposits.

Similarity is discernible not only in the support extended industry by insurance companies and banks, but

also in their efforts to prevent losses. As the one by procuring the adoption of laws affecting health, the enactment and enforcement of stringent fire protection laws and ordinances, the apprehension and prosecution of the absconder and yeggman, or by compelling the use of devices to prevent accidents, reduces losses from disease, conflagration, embezzlement, robbery and accident; so the other through counseling customers, care in the extension of credit and assistance in procuring the passage of well-conceived legislation concerning commerce and banking, reduces the rate of mortality in the business world. Without hygienic laws, proper protection against fires, defalcation, burglary and accidents, careful use of the credit machinery and commercial and banking laws based on experience and the principles of justice, conditions of general health, prosperity and security would soon give way to epidemic, crime and industrial chaos. Minimizing losses covered by all forms of insurance gives permanency to bank deposits, and curtailment in industrial failures assures permanency in both deposits and premiums. The benefits are mutual.

Interests in Common

It is plain from their close relationship that thoughtful bankers want to see all kinds of insurance remain on a sound basis, managed by competent men, and protected by adequate laws. On the other hand, the insurance world has a vital interest in the banking position and in the currency of the country. The companies have large capital and accumulations of surplus and premiums; upon the former dividends must be earned; investments must be cautiously made, and the banker's advice is needed when questions of safety of principal, rate of interest and convertibility into cash are under consideration. To meet extraordinary losses in times of disaster, it may happen that insurance companies will have to

borrow temporarily, or that their securities will have to be thrown on the market, and it is vital that the financial situation be such as to permit of ready and steady absorption if sudden liquidation should become imperative. If banks are fortified and if, through efficient piloting of the ship of credit they have assisted in keeping general business on an even keel, sales of bonds made necessary by some calamity can be effected without aggravating policy losses by decreased market values.

The bankers have many times been hard pressed in their efforts to maintain this position of preparedness and the most trying difficulties with which they have had to contend have been blameable to our defective currency system. A Congressional Commission has made searching inquiry into this matter, in this country and abroad, and has proposed a reform which has the approval of leading bankers and business men everywhere. This is a movement on which all students of topics pertaining to the country's prosperity can well afford to unite and attention is here called to it because it is one of the most essential reforms of the present generation. The adoption of a practical and effective measure will go far towards eliminating unsound and dangerous periods of over-expansion, followed by seasons of deplorable depression. A painstaking study of the National Monetary Commission plan is earnestly recommended to insurance men, in the belief that the right or wrong solution of this problem is fraught with as much benefit or harm to them as to bankers.

CHAPTER LXXVI
WAIVER AND FORFEITURE

BY CHESTER N. FARR, JR.

Forfeiture

CONTRACTS of insurance may be forfeited or avoided by the breach or falsity of the warranties contained in them, or of the representations of the insured which are collateral to the contract (Amer. & Eng. Enc., Vol. 16, p. 919).

A warranty is a part of the contract shown in the policy and consists of an assertion of fact or an undertaking to do a particular act, upon the accuracy or performance of which the validity of the contract depends (same reference).

A representation is not a part of the contract; consequently the falsity of a representation is not a ground for avoiding the contract unless the representation refers to something material to the risk; while in the case of a warranty, a stipulation that the assertions are warranties is an agreement that they are material to the risk, and consequently prevents any inquiry into the question of their materiality.

A representation relied upon as avoiding the policy must not only be false in fact, but false to the knowledge of the assured making it; that is to say, it must be knowingly and intentionally false, and in addition thereto, false in a substantial and material respect. Matters of opinion or belief which are incorrect will not invalidate the policy.

Concealment of facts which are material to the risk and which the assured has reason to believe are not within the knowledge of the company may amount to such fraud

as to defeat the contract. The concealment must be of a material fact, though it does not constitute a concealment if the assured fails to give information in matters with reference to which no questions are asked, or if he fails to answer a question, for in such a case, if the company desires an answer, it should insist upon it before issuing its policy.

Specific Instances of Forfeiture: Life and Accident Insurance

SOUND OR GOOD HEALTH. Where the applicant makes a warranty that he is in sound or good health when the policy issues, and he is not in such condition, the policy may be forfeited. The same rule applies in the event of the statement being a representation, since, unquestionably, such a fact is material to the risk. The expression, sound or good health, does not mean that the insured is absolutely free from all bodily infirmities or from tendency to disease, but simply means that he is in a reasonably good state of health and is free from any disease or illness that tends seriously or permanently to weaken or undermine the constitution (*Black vs. Ins. Co.*, 121 Fed. 732).

Where the assured makes the statement as to his health in good faith and believing it to be true, even though it turn out to be false, such action on his part will not avoid the policy. It is necessary for the company to show in a case of this character that the assured was aware of his bad health (*Dimmick vs. Ins. Co.*, 69 N. J. L. 384).

The term "serious illness" has been held to be such an illness as operates to impair permanently the constitution and render the risk more hazardous (*Keefer vs. Assur. Soc.*, 159 Fed. 206).

SPECIFIC DISEASE. A statement by the applicant that he has not had a specific disease, when as a matter of fact he has had such disease, has been held to avoid the

policy, even though the insured was ignorant of the existence of the disease, though this rule has been questioned (*Ins. Co. vs. Miller*, 100 Md. 1).

A negative answer to the query whether the applicant has ever met with any serious personal injury, although untrue, has been held not to affect the policy, if the wound or injury was only temporary and did not affect the health or the life of the assured. Thus, where a query is asked about the spitting of blood, there seems to be some variance in the decisions, some indicating that the mere raising of a small quantity of blood by a cough in a single instance is not of sufficient importance to make an unconditional answer to the question by the applicant a misrepresentation requiring the forfeiture of the policy (*Dreier vs. Ins. Co.*, 24 Fed. 670). But this seems to be negatived by other decisions (*Geach vs. Ingall*, 14 M & W 95; *Ins. Co. vs. Miller*, 39 Ind. 475; *Smith vs. Ins. Co.*, 196 Pa. 314).

MEDICAL ATTENDANCE. Where there is a warranty by the assured that he has not been attended by a physician or consulted one, the falsity of such a statement will avoid the policy. It is apparently immaterial whether the disease affecting the assured's health and about which he consulted the physician is trivial or severe (*Ins. Co. vs. Haupt*, 113 Fed. 672; *Caruthers vs. Ins. Co.*, 108 Fed. 487; *Cobb vs. Assn.*, 23 N. E. Rep. 230).

This rule is not applied as rigidly in some states where on "the prescribing of medicine by a physician to relieve a mere temporary derangement," the failure to state such fact was held not sufficient to avoid the policy (*Blumenthal vs. Ins. Co.*, 134 Mich. 216; *Mengel vs. Ins. Co.*, 176 Pa. 280.)

It has been held that a representation that the assured had not been attended by a physician in nine years is material (*Numrich vs. Supreme Lodge*, 3 N. Y. Supp. 552). And further held that to constitute medical at-

tendance the physician need not attend the patient at his home, but may receive him at his office (*White vs. Society*, 163 Mass. 108).

HOSPITAL. A false statement to the effect that the assured had not been an inmate of a hospital will avoid the policy (*Farrel vs. Ins. Co.*, 125 Fed. 684).

GOOD HEALTH OF THE FAMILY. The insured may warrant the health of a member of his family and in doing so merely warrants that by his actions and appearance the member of the family has shown no symptoms or traces of disease. He does not warrant actual freedom from illness (*Ranta vs. Supreme Tent, etc.*, 107 N. W. Rep. 156). A false statement as to insanity existing in any members of the family will avoid the policy (*Johnson vs. Ins. Co.*, 83 Me. 182). An answer that there is no hereditary disease in the family will not avoid the risk where it appears that insanity had existed in a member of the family but that this was the first case which had appeared in the family history (*Ins. Co. vs. Gridley*, 100 U. S. 614). A false statement, where a member of the family has died of consumption will forfeit the policy, whether the statement be a warranty or a representation (*Ins. Co. vs. Gray*, 91 Ill. 159).

USE OF ALCOHOLIC OR OTHER STIMULANTS. PERNICIOUS HABITS. A breach of warranty in respect to temperate habits will avoid the policy (*Shay vs. Camp of Knights*, 52 N. Y. Supp. 333). But a warranty to the effect that the assured is temperate, is not supposed to mean that he abstains from the use of all intoxicating liquors, referring as it does to his general habits, and not to exceptional cases (*Ins. Co. vs. Ford*, 108 S. W. Rep. 876). In the way of a general distinction, it may be said that it has been held that "drinking to such a degree as to disqualify a person from attending to his business during the principal portion of the time usually devoted to his

business, is ' habitual drinking ' '' (Mahone vs. Mahone, 19 Cal. 627).

However, if the answer be correct at the time of the taking out of the policy, the policy is not avoided by subsequent excessive drinking, even though it cause the death of the assured (Reichard vs. Ins. Co., 31 Mo. 518). Still, death from that cause is not necessary to forfeit the policy, where the original statements in regard to the temperate habits were untrue (Swick vs. Ins. Co., 2 Dill (U. S.) 160).

If the question is asked as to whether the assured ever had delirium tremens which is answered " no " and it is subsequently proven that he had a well marked case of it only a short time before this answer was given, the policy was held to be forfeited on the ground of fraud, even though the statement was not a warranty (McVey vs. Grand Lodge, 53 N. J. L. 17).

The policy may be upon a promissory warranty providing that the applicant agrees that he will not " practice any pernicious habit that tends to shorten life." This, in some cases, has been held binding when it is a warranty; in other cases, where a simple promise for the future, it has been held to be a mere expression of intent, failure to fulfill which would not result in forfeiture (Assn. vs. Bodurtha, 23 Ind. App. 121; contra, Knecht vs. Ins. Co., 90 Pa. 118). The expression " pernicious habits " is held to include " alcoholism."

OCCUPATION. A false warranty as to the occupation of the assured will avoid the policy (Fell vs. Ins. Co., 76 Conn. 494). To this query the term " occupation " or any other expression which is its equivalent, has been held to relate to the general business or employment of the assured, and not to occasional acts outside of his employment (Stevens vs. Woodmen, etc., 107 N. W. Rep. 8).

AGE. A false statement as to the age of the assured will work a forfeiture of the policy (Ins. Co. vs. Spence,

126 Ill. App. 32; *Dinan vs. Supreme Council*, 201 Pa. 363).

MARRIAGE. The forfeiture of a policy will be worked by a statement that the assured is a single man, or a widower, when in fact he is a married man (*Jeffries vs. Ins. Co.*, 22 Wall. (U. S.) 47).

OTHER EXISTING INSURANCE. Where the assured denies the existence of other actually existing insurance and warrants the truth of the statement, the falsity of the assertion will forfeit the policy (*Hood vs. Ins. Co.*, 26 Pa. Super. Ct. 527). This statement, however, has been held to apply only to such other insurance as existed within the applicant's knowledge (*Ins. Co. vs. Coalson*, 22 Tex. Civ. App. 64).

RESIDENCE. False statement as to residence where the statement is made a warranty, forfeits the policy, though the statement was not material (*Hutchison vs. Ins. Co.*, 39 S. W. Rep. 325).

PREVIOUS APPLICATION FOR INSURANCE. Where insured warrants that he has not made any previous application for insurance in any other company which has been rejected, the breach of this warranty will forfeit the policy (*Langdon vs. Ins. Co.*, 194 Mass. 56). It has been held that false statements as to other insurance applied for and refused, are statements with regard to material facts, and they need not be made warranties by the policy (*Peterson vs. Ins. Co.*, 115 Ill. App. 421). Where the company itself has rejected a previous application as to which false statement is made, the company will be held to be chargeable with the knowledge of its agent of such rejection (*Ins. Co. vs. Nichols*, 24 S. W. Rep. 910).

TRAVEL. Failure of the assured to conform to certain promissory warranties relating to what he promised to do in the future, will also forfeit the policy.

Thus, policies very frequently limit the space within which the assured may reside or travel, and a violation

of these provisions will forfeit the policy (*Bennecke vs. Ins. Co.*, 105 U. S. 355). Reference has already been made to the promissory warranties relating to "pernicious habits."

EXTRA HAZARD. While, unless prohibited by the policy, there is nothing to prevent the insured from engaging in a more hazardous occupation during the life of the policy, where there is a condition in the policy forbidding the insured from engaging in certain occupations under pain of forfeiture, this is binding upon the assured, and in case of his failure to conform to it, the policy will be forfeited (*Elson vs. Assur. Co.*, 9 British Col. 424).

NON-PAYMENT OF PREMIUMS. Unless there is a clause in the policy to the effect that the insurance will be forfeited on a failure to pay the premium, such forfeiture will not take place (*Ins. Co. vs. Meinert*, 127 Fed. 651). Failure to make payment at a time prescribed will effect a forfeiture of the policy where a condition to that effect is in the policy (*Ins. Co. vs. Brookes*, 120 Ill. App. 301). Where the policy provides it, the insured may be reinstated by a payment of the premium, even though in default (*Lovick vs. Assn.*, 110 N. Car. 93).

Provision is made in some states to the effect that after a certain number of premiums are paid the policy is non-forfeitable on account of the failure to pay premiums. Where a premium note is given and it is provided that the policy is to be forfeited if the note is not paid, payment must be made within the time agreed upon to avoid forfeiture (*Leeper vs. Ins. Co.*, 93 Mo. App. 602).

Fire Insurance

DESCRIPTION OF PROPERTY. If a description of the property to be insured be untrue in substance the policy is void (*Wood vs. Ins. Co.*, 126 Mass. 316). The description need only be substantially correct (*Ruan vs. Gardner*, 20 Fed. Cases 12, 100).

False statements as to the age will forfeit the policy (*Pickle vs. Ins. Co.*, 119 Ind. 291).

Where a building is completely reconstructed, it has been held that the date of the reconstruction can be used to fix the age (*Lamb vs. Ins. Co.*, 70 Iowa 238).

The location of the structure with reference to other adjoining buildings is material, except when such details of location do not affect the hazard (*Meadowcraft vs. Ins. Co.*, 61 Pa. 91).

TITLE. A misrepresentation with respect to the nature of the title of the insured in the property to be insured is material (*Ins. Co. vs. Stoddard*, 88 Ala. 606).

Certain detailed decisions in respect to the ownership are as follows:

Where the policy requires that the insured must be the owner of the property, or that the property be "his," this does not mean that the insured has an absolute fee to the exclusion of everyone else, as long as the insurable interest he has in the property is not over-insured (*Convis vs. Ins. Co.*, 127 Mich. 616); but this rule would not apply where the policy provided that the insured must have "unconditional and sole ownership"; in such a case the policy will be forfeited even though the insurable interest of the insured exceeds in value the amount of the policy (*Gettleman vs. Ins. Co.*, 97 Wis. 237).

The existence of a mortgage on the property is no breach of a condition as to entire, sole and unconditional ownership (*Ellis vs. Ins. Co.*, 32 Fed. 646).

Where the owner has an undivided interest in the property, he cannot describe himself as the "sole and unconditional owner" (*Noyes vs. Ins. Co.*, 54 N. Y. 668). Nor can he so describe himself when he is a member of the firm and the property is firm property (*McFetridge vs. Ins. Co.*, 84 Wis. 200). He may, however, under such circumstances, in the absence of a special question, de-

scribe the property as " his " (Stillman vs. Ins. Co., 16 Ont. 145).

Where the property is held by the insured upon a lease, he cannot describe it as " his " (Ins. Co. vs. Doll, 35 Md. 89).

USE. The use and nature of the occupancy of the property must be described when asked (Howard vs. Ins. Co., 24 Ill. 445). The use stated, however, may be its customary use, and there is no warranty that the building is put to that use at the present time. Thus a building described as a dwelling, does not warrant that it is occupied (Slobodinsky vs. Ins. Co., 74 N. W. Rep. 270).

VALUE. Gross or material exaggerations as to the value of the property will avoid the policy (Ins. Co. vs. Rubin, 79 Ill. 402). It must be shown, however, that such a statement is fraudulent and knowingly so. A mere misstatement honestly made will not affect the rights of the insured (Bank vs. Ins. Co., 95 U. S. 673).

Over-valuing land on which the property stands is immaterial, as the land is not insured (Ins. Co. vs. Simmons, 49 Neb. 811).

ENCUMBRANCES ON THE PROPERTY. The insured need make no disclosure of liens or encumbrances against the property unless such facts are requested by the inquiry made by the insurer (Ins. Co. vs. Hoffman, 125 Pa. 626).

An encumbrance, within the meaning of a policy, may be a mortgage, recorded or unrecorded (Hutchins vs. Ins. Co., 11 Ohio 477) ; or levy of an execution or of an attachment (Ins. Co. vs. Gottsman, 48 Pa. 151) ; or a mechanic's lien (Redman vs. Ins. Co., 51 Wis. 293).

OTHER INSURANCE. Where a condition against further insurance is found, a policy is avoided, even though the insured forgot to disclose such insurance or was unaware of its existence if such insurance actually exists (Ins. Co. vs. Copeland, 86 Ala. 551). Where the clauses in policies provide that they are void if there be further insurance,

there is a conflict of authority as to which policy is thereby affected (*Emrey vs. Ins. Co.*, 51 Mich. 469; *Ins. Co. vs. Klewer*, 129 Ill. 599).

FIRE APPARATUS. False statement that the insured has fire apparatus on the premises forfeits the policy (*Fromherz vs. Ins. Co.*, 63 N. W. Rep. 784).

WATCHMAN. Similarly, where there is a false warranty as to the maintenance of a watchman upon the premises (*Ripley vs. Ins. Co.*, 30 N. Y. 136); but apparently this rule does not apply where the statement as to the watchman is a mere representation (*King vs. Ins. Co.*, 164 Mass. 291).

Forfeiture for Breach of Promissory Warranties

CHANGE IN USE, CONDITION OR OCCUPANCY. Standard policy usually contains a clause that the contract shall be void if the hazard be increased by any means within the control of the insured; it also contains certain conditions concerning repairs and occupancy.

USES. When there is no prohibition in the policy for a change of use of the premises, a statement of its present use is merely a warranty for the present and does not warrant that the building shall continue to be used for that purpose (*Smith vs. Ins. Co.*, 32 N. Y. 399). Where, however, the policy provided that it shall become void upon any change in use or occupation, a change in the use or occupation will avoid the policy (*Mead vs. Ins. Co.*, 7 N. Y. 530); and where this provision is made a warranty it is immaterial whether or not the change had anything to do with the loss (*Howell vs. Equitable Society*, 16 Md. 377).

Where the policy provides that certain uses shall be considered as extra-hazardous, uses for such purposes render void the policy, for such a provision is a warranty (*Robinson vs. Ins. Co.*, 27 N. J. L. 134). Where a policy on a factory contains a clause that it shall be void if

operated at night later than ten o'clock such a provision is upheld (*Alspaugh vs. Ins. Co.*, 121 N. C. 290). Provisions in policies covering manufacturing establishments to the effect that the policy shall be void if the establishment "cease to be operated for more than ten consecutive days" or if it "cease to be operated" have been upheld (*Cronin vs. Assn.*, 123 Mich. 277).

ALTERATIONS. Alterations in a building which do not increase the risk do not avoid the policy unless it be so stipulated in the policy (*Ins. Co. vs. Stevenson*, 37 Pa. 293). If material alterations are made in the risk, a stipulation in the policy that it is to be void in such an event is upheld (*Hill vs. Ins. Co.*, 174 Mass. 542). It is immaterial whether or not such alterations or repairs contribute to the loss (*Improvement Co. vs. Ins. Co.*, 163 N. Y. 237).

Where the premises are merely altered by the erection of adjoining buildings without increase of the risk, there will be no avoidance of the policy, but if the policy provides that any alteration in the risk by means under the control of the assured will avoid the contract, or that the conditions stated in the policy constitute a continuing warranty, the erection by the insured of other structures upon the adjoining premises will forfeit the policy (*McCoy vs. Ins. Co.*, 107 Iowa 80).

Standard policies require that the policy be void if the building become vacant for ten days, and such provisions are upheld (*Snyder vs. Ins. Co.*, 78 Iowa 146). Reoccupancy of the premises after they have been vacant does not revive a policy where the stipulation is that it shall be forfeited if the premises become vacant; but where the provision is "that so long as the building shall be unoccupied" the policy ceases, the insurance revives when the vacancy is over (*Ins. Co. vs. Meyers*, 63 Ind. 238). Where two buildings are insured under one policy, a vacancy in one of them will not bring about a forfeiture

of the entire policy, but only as to the part in which the condition was violated (*Spiegel vs. Ins. Co.*, 97 Ky. 646). But the rule is different where the policy is expressly maintained upon the continued occupancy of all the separate structures insured under it. In such a case a vacancy of one of the buildings will forfeit the policy (*Hartshorne vs. Ins. Co.*, 50 N. J. L. 427). The term "vacant or unoccupied" means that no actual use is being made of the premises by any one actually present or in possession (*Herman vs. Ins. Co.*, 44 N. Y. Supt. Ct. 444).

Where a building is intended for rental, if the insurer has notice of the purpose to which it is to be put, it is held that he must be aware that an occasional vacancy will arise (*Lockwood vs. Ins. Co.*, 47 Conn. 553). As a result, a mere temporary vacancy such as would be incidental to a change of tenants will not avoid the policy (*Ins. Co. vs. McCullough*, 96 N. W. Rep. 79).

CHANGE OF OWNERSHIP. If the policy is made payable to the "insured, his executors or administrators," the death of the insured does not cause the policy to cease (*Ins. Co. vs. Eaton*, 86 Ill. App. 463). It is different where the policy provides against any change in "interest or title, whether by act of the parties or by operation of law" (*Hine vs. Woolworth*, 93 N. Y. 75).

It is a valid provision to the effect that the policy shall become void if the title or possession of the property becomes involved in litigation (*Small vs. Ins. Co.*, 51 Fed. 789). Mere commencement of foreclosure proceedings under a mortgage are not in themselves a "change" of ownership, or an "increase of risk" (*Ins. Co. vs. Ins. Co.*, 101 Ind. 392). Where the policy provides that the commencement of proceedings of foreclosure shall forfeit it, the first steps in such proceeding will vitiate the policy (*Quinland vs. Ins. Co.*, 133 N. Y. 356). Similarly, a provision in a policy as to its being invalidated if the

insured property be levied on or taken into possession or custody, and no notice is given the insured, is held binding (*Ins. Co. vs. Gottzman*, 48 Pa. 151).

Courts are divided upon the question whether a policy on goods owned by an individual is forfeited under a clause respecting alienation by his taking in a partner (*Ins. Co. vs. Ins. Co.*, 144 N. Y. 195; *Cowan vs. Ins. Co.*, 40 Iowa 551).

SUBSEQUENT ENCUMBRANCES. Provisions against subsequent encumbrances are valid and enforceable, but in the absence thereof a subsequent encumbrance will not affect the policy (*Tiefenthal vs. Ins. Co.*, 53 Mich. 306).

INVENTORIES, ETC. Provisions in the policy requiring the insured to take an inventory of stock in trade at frequent intervals, keep regular books, and preserve all papers in a fireproof safe, are upheld as promissory warranties, failure to comply with which will forfeit the policy (*Ins. Co. vs. Allen*, 128 Ala. 451).

PROHIBITED ARTICLES ON PREMISES. If there is a prohibition in the policy against the keeping or use of certain articles upon the premises, the penalty prescribed being a forfeiture, this condition is regarded as reasonable and enforceable (*Dittmer vs. Ins. Co.*, 23 La. Ann. 458). The same should be the result if the policy provides an avoidance should the risk be "increased by any means within the insured's knowledge," and articles in themselves dangerous, be used or kept upon the premises (*Appleby vs. Ins. Co.*, 54 N. Y. 253). Where the policy expressly prohibits the keeping of a certain article, it is immaterial, if the article be kept there, that its keeping had no connection with the occurrence of the fire (*Bastian vs. Ins. Co.*, 143 Cal. 287). Where prohibited articles are used on adjacent premises not under the control of insured, there being no provision as to adjacent premises in the policy, the insured's rights are not affected (*Ins. Co. vs.*

Taylor, 14 Colo. 499). A condition in a policy against the keeping of certain substances does not forfeit the policy when it was known to the insurer that the keeping of this substance was a necessary and usual incident of the business (*Ins. Co. vs. Walters*, 24 Ind. App. 87).

ADDITIONAL INSURANCE. Additional insurance clauses in the contract requiring that the policy shall be void if additional insurance is procured on the property without the insurer's consent are valid (*Ins. Co. vs. Thomas*, 92 Fed. 127). There is a conflict of opinion as to whether the policy becomes void *ipso facto*, or whether the doing of this prohibited act only renders the policy voidable if the insurer so desires (*Assur. Co. vs. Norwood*, 57 Kan. 610; *Hubbard vs. Ins. Co.*, 33 Iowa 325). Where the policy contains a provision requiring notice that further insurance is about to be taken upon premises, the policy is not rendered void where no penalty is specified for failure to notify the insurer; but if there is a specific clause to the effect that failure to give notice will avoid the policy, notice must be given within a reasonable time (*Ins. Co. vs. Stauffer*, 33 Pa. 397).

In order that the condition against additional insurance be broken it must be shown that not only the same property is covered, but also that the same interest in the same property is doubly insured. It constitutes double insurance, however, if an interest subsequently insured is greater than but includes that which was insured under the first policy (*Mussey vs. Ins. Co.*, 14 N. Y. 79). The mortgagor and the mortgagee have distinct and separate insurable interests, and the separate insurance of each will not avoid the policy (*Guest vs. Ins. Co.*, 66 Mich. 98).

NON-PAYMENT OF PREMIUMS. (Substantially the same principles apply to this subject under fire insurance as are found under the head of life and accident insurance.)

Waiver

IN GENERAL. Conditions in a policy which when violated by the insured, will result in forfeiture may be waived by the company. This is because they are for the benefit of the company. They may be waived at any time either during the negotiations for the insurance contract, or after, or either before or after the forfeiture itself has happened (*Ins. Co. vs. Howard*, 95 Md. 244). The insurance company may waive the provisions of a contract by verbal statements (*Knarston vs. Ins. Co.*, 140 Cal. 57). This rule is not changed by a clause in the policy to the effect that the provisions of the policy can only be waived by an express agreement indorsed upon the policy (*Ins. Co. vs. Grove*, 215 Ill. 299).

SPECIFIC KINDS OF WAIVER. Where the company at the time it issued the policy had full knowledge of certain facts, it cannot, in an action to recover on the policy, defend by proving the existence of such facts, even though the existence of such facts renders the policy void (*Ins. Co. vs. Vogel*, 76 N. E. Rep. 977). It has been held that the knowledge possessed by the insurer must be actual and not constructive knowledge (*Brotherhood, etc., vs. Roberts*, 107 S. W. Rep. 626).

An imperfection in the application, such as a failure to answer a question at all or a partial answer, will, if the policy is issued by the insurer, amount to a waiver of facts which might be elicited by the answer to such question (*Ins. Co. vs. Berry*, 98 S. W. Rep. 693).

Where the company refuses liability and specifies a ground of forfeiture, this will frequently act as a waiver of any subsequent ground of forfeiture (*Banco de Sonora vs. Casualty Co.*, 95 N. W. Rep. 272). To illustrate: Where there are no preliminary proofs, or where their form or substance is defective, and the company refuses to pay the loss, but upon other grounds, it has been held

that such refusal is a waiver of defects in the proof (*Ins. Co. vs. Martin*, 192 U. S. 149).

The insurer may waive a forfeiture by its own acts or conduct after the forfeiture occurs, as, for example, a neglect, with knowledge of the forfeiture, to declare its intention to insist upon it, or by treating the policy as a valid contract. This is especially true if such acts on the part of the company result in the assured being put to additional trouble or expense (*Ins. Co. vs. Lesser*, 126 Ala. 568; *Ins. Co. vs. McKnight*, 197 Ill. 190). In order to constitute a waiver of a forfeiture of this character, the assured must have had notice of the breach of the condition (*Ins. Co. vs. Antrim*, 38 So. 626).

Where after notice has been given or knowledge secured of facts constituting the breach, the policy requires some further action on the part of the insurer, his failure to act will constitute a waiver (*Brooks vs. Ins. Co.*, 106 N. W. Rep. 913).

Where there is knowledge on the part of the insurer of the facts which constitute a forfeiture and the insurer then calls for proof of loss, or engages in negotiations with the insured for settlement, as a result of which the insured is put to trouble and expense, it has been held that the insurer cannot afterwards be permitted to change his ground and endeavor to enforce the forfeiture (*Hirsch vs. Societe*, 99 N. Y. Supp. 517; *Roark vs. Trust Co.*, 110 S. W. Rep). However, there is a conflict of authority in this case, and where the policy holds that until proofs of loss are furnished, the insured has no right of action against the company, it has been held the company is not prevented from insisting upon an enforcement of other conditions of the policy even though it demand that proofs be furnished after knowledge of other facts constituting forfeiture (*Wheaton vs. Ins. Co.*, 76 Cal. 432; *Boyd vs. Ins. Co.*, 90 Tenn. 212). The doctrine is announced that where the insurer is permitted by the terms

of the policy to have proofs of loss for the purpose of securing information as to facts which may amount to forfeiture, the acceptance of such proofs has been held not to be a waiver even though notice of the facts of the forfeiture were given the insurer, but from another source (*Greenwald vs. Ins. Co.*, 102 N. Y. Supp. 157). Nor is a demand by the insurer that the insured shall produce his books and make proof of loss, all being in accordance with the terms of the policy, a waiver of any other condition of the policy (*Ins. Co. vs. Fleming*, 65 Ark. 54). When the letter which acknowledges the proofs of loss also informs the insured of the fact that the insurer will stand on the forfeiture of the policy, the rule as to waiver is not applicable (*Ins. Co. vs. Nax*, 142 Fed. 653).

Acceptance of the payment of a premium after knowledge on the part of the company that there has been a breach of a condition or warranty will constitute a waiver of the right to raise such breach as a defense to a claim (*Ins. Co. vs. Willis*, 76 N. E. Rep. 560; *Ins. Co. vs. Oppenheimer*, 104 S. W. Rep. 721).

OFFICERS OR EMPLOYEES BY WHOM WAIVER MAY BE MADE. The president, vice-president, secretary and assistant secretary of the company have been held to have power to waive (*Metcalf vs. Ins. Co.*, 112 N. W. Rep. 22; *Ins. Co. vs. Claiborne*, 100 S. W. Rep. 751; *Wilson vs. Ins. Co.*, 174 Pa. 554).

To render the company liable for waiver of its agent it must appear that the agent has authority to waive, or, if not, that his act in waiving was subsequently ratified by the company.

A general agent has authority to waive (*Assoc. vs. Ins. Co.*, 97 N. Y. Supp. 436). Where facts are known to the general agent which will avoid the policy and he then issued a policy and accepts the premium thereon, this has been held to be a waiver of the right of forfeiture

by the company (*Ins. Co. vs. Lower*, 97 S. W. Rep. 363; *Porter vs. Ins. Co.*, 29 Pa. Super. Ct. 75). Conditions in the policy relating to future action on the part of the assured may not be waived by the general agent at the time the insurance is entered into (*Johnson vs. Ins. Co.*, 60 S. E. Rep. 118). Notice of facts constituting a forfeiture given or coming to the agent after the policy is issued has been held to be a knowledge of the company (*Slobodensky vs. Ins. Co.*, 52 Neb. 395).

An agent who has authority to solicit, make out and send to the company applications for insurance and to deliver policies to the insured when executed, and to collect and transmit premiums, has been held to be such an agent that notice given to him will be the same as notice to the company. If there are any limitations upon his power which the company desires to set up at the trial of the cause, it must be shown that such limitations were known to the insured (*McKibben vs. Ins. Co.*, 114 Iowa 41). Such an agent may not, however, waive requirements of the policy which relate to future acts (*Ins. Co. vs. Abbey*, 88 S. W. Rep. 950). An agent of this character has no power to waive any of the provisions of the policy after the policy has issued (*Githens vs. Assn.*, 106 Mo. App. 673). And, further, the company cannot be charged with his knowledge of facts when his knowledge was acquired after the issuance of the policy (*Ins. Co. vs. Stunston*, 100 S. W. Rep. 338). For example, where additional insurance was acquired after the policy had been issued and notice of this fact was sent to an agent of this character, it was held that such notice was *not* notice to the company (*Goldin vs. Ins. Co.*, 46 Minn. 471).

Where the agent makes false or misleading statements or omissions in an application without any collusion on the part of the applicant, the company cannot set up these statements as a ground of forfeiture where it accepts the premium and issues the policy, unless it can

prove that the agent's authority was limited and the nature of this limitation was known to the assured (*Soc. vs. Cannon*, 201 Ill. 260; *Carnes vs. Ins. Co.*, 20 Pa. Super. Conn. 634). The same rule has been applied to medical examiners (*Lyon vs. United Moderns*, 83 Pac. 804). The above rule is universally applied where the applicant has no knowledge of the false statements inserted, such as in cases where he could not read or write (*Ins. Co. vs. Montgomery*, 99 S. W. Rep. 687); or where he signed without reading (*Roe vs. Assn.*, 115 N. W. Rep. 500). Collusion between the agent and the assured with regard to the knowledge of the untruth of certain statements made by the assured will relieve the company where the company returns the premium after knowledge of the collusive acts (*Mattson vs. Modern Samaritans*, 91 Minn. 434).

The general rule is that an adjuster cannot waive the conditions of a policy unless it can be shown that he was authorized by the company to do the acts constituting a waiver (*Berger vs. Ins. Co.*, 95 N. Y. Supp. 54). In the course of his negotiations for settlement he may, however, waive questions of detail such as preliminary proofs (*Reed vs. Ins. Co.*, 65 Atl. 569); and he may also waive the provisions of the policy requiring that suit be brought within a certain period (*Jensen vs. Ins. Co.*, 116 N. W. Rep. 286).

Where an agent is given authority to waive a condition in the policy by an endorsement or a writing, the general rule seems to be that he may also make an oral waiver notwithstanding a provision in the policy to the contrary (*Pollock vs. Ins. Co.*, 127 Mich. 460). Thus, a general agent can make a waiver orally (*Bernhard vs. Ins. Co.*, 65 Atl. 134).

Where the policy requires that there shall be no waiver without written consent from the company, an agent who has authority merely to solicit insurance, write applications, and forward same to company, will not have power

to waive conditions verbally (*Nixon vs. Ins. Co.*, 25 Wash. 254). Policies frequently provide that no officer, agent or other representative of the company shall have power to waive any condition of the policy unless the waiver is endorsed on the policy. There is a conflict of authorities in the construction of this provision; some hold that the condition has no effect (*Indemnity Co. vs. Thompson*, 104 S. W. Rep. 200; *Ins. Co. vs. Hyman*, 94 Pac. 27). Others hold to the contrary doctrine (*Mulrooney vs. Ins. Co.*, 151 Fed. 598; *Ins. Co. vs. Lewis*, 187 U. S. 335). The latter view seems to be supported in states having a statute providing a standard policy, in which policy the provision in question is to be found (*Harris vs. Ins. Co.*, 77 N. E. Rep. 493; *Hicks vs. Assur. Co.*, 162 N. Y. 284). Some decisions hold that this clause applies only to conditions which surround the origin or continuance of the insurance contract, but do not apply to any conditions which are required after the loss; an example of the latter being notice and preliminary proof (*Partridge vs. Ins. Co.*, 13 N. Y. App. Div. 519).

The insurance company not infrequently limits the authority of the agent. In such a case the assured is only bound if he has knowledge of the limitations thus imposed upon the agent; otherwise he may assume that the agent's powers are of the extent required to conduct the business turned over to him (*Iverson vs. Ins. Co.*, 91 Pac. 609).

Clauses in the policy which prohibit waivers by agents or state that the agent shall be the agent of the assured, do not relieve the company from being chargeable with the acts and statements or actual knowledge of the facts of an agent or soliciting agent at the time of the issuance of the policy, unless it is shown that the clauses in the policy limiting the agent's authority were known to the assured (*Ins. Co. vs. Clark*, 83 N. E. Rep. 760).

CHAPTER LXXVII
POWERS OF COMPANIES AND AGENTS
BY GUILFORD A. DEITCH

Powers of Companies

WITHIN the jurisdiction of a state giving it existence, the ultimate powers of an insurance company are to be measured by its charter, and the constitution and statutory laws of such state.

Beyond the confines of the state creating it, such a corporation has no right to transact its business, and cannot enter a foreign state for that purpose without having first complied with the conditions of admission prescribed by the lawmaking power of such state, and by submitting to those laws which may from time to time be enacted therein, nor may it act beyond its charter powers.

That state legislatures may place such limitations upon the rights of foreign insurance corporations is due to the interpretation placed upon the interstate commerce clause of the Federal Constitution by the United States Supreme Court, which has declared that the business of insurance is not commerce (*Paul v. Virginia*, 8 Wallace 168), thereby giving to the several states the control of the insurance business within such states, and denying to the insurance companies the right to solicit patronage beyond the state where incorporated except upon submitting to the statutory will of each state entered.

Under this system of supervision it is incumbent upon each insurance company to make compliance with the laws of all the states in which it transacts business. If it enters all of the states of the Union, it has forty-six codes of law to comply with and forty-six departments to satisfy, or, in other words, it has forty-six masters to serve.

In the exercise of their power to prescribe the terms upon which foreign companies might do business, the legislatures of the several states have been so active in filling their statute books with limitations and restrictions upon such companies, and have brought about such a confusion in the transaction of interstate business, that there now exists a feeling in the insurance world that there should either be a unification of the insurance laws or that the power of Congress should be invoked to cast off the yoke of state regulation.

The claim of right to federal supervision is made under the commerce clause of the constitution, and calls in question the soundness of the ruling of the Supreme Court in *Paul v. Virginia*, 8 Wall, 168. The theory is that insurance policies are instrumentalities of commerce in the same sense as are lottery tickets, and that the conclusion of the Supreme Court in the lottery case (*Champion v. Ames*, 188 U. S. 492), holding lottery tickets to be subjects of traffic and, therefore, subjects of commerce and under federal control, has effectually overruled the case of *Paul v. Virginia*. This reasoning seems to be justified, for it appears from the dissenting opinion in the lottery case, filed by Chief Justice Fuller, with whom Justices Brewer, Shiras and Peckham concurred, that it was urged that if the insurance business was not commerce the selling of lottery tickets likewise was not commerce. That the same rules of law should apply to each is the gist of the dissenting opinion.

In view of the decision in the lottery case, together with the present scope of the business, and its changed conditions, and because of the many decisions of the state courts holding the insurance business to be commerce, the consensus of opinion is that a united effort to obtain federal supervision would not be unavailing.

Submission to the conditions prescribed by the law-making powers of the several states is the price of ad-

mission to do business in such states. There is practically no limit to which the states may go in fixing the price. The ultimate powers of a state legislature in this respect may be best appreciated by a recital of the recent troubles of certain foreign companies in the state of South Carolina, viz.: the legislature enacted a law imposing on foreign companies a property tax on property not within the state; this law was subsequently held unconstitutional; prior to the decision of the Supreme Court, the legislature, in contemplation of the contingency that the enactment might be held unconstitutional, passed another law providing as one of the conditions on which a foreign company should be granted a license, that such company should pay the taxes provided for in the prior act. The constitutionality of the latter act was questioned on the grounds that it was discriminatory and denied equal protection of the law. In sustaining its validity, the Supreme Court, in *State ex rel v. McMasters*, 66 S. E. 877, said:

“ A state may admit or exclude at its will all foreign corporations, or any one corporation, or a particular class of foreign corporations, and may lay down any conditions of admission, and make the conditions apply to all or to one or to a class; and it is entirely for the lawmaking power to decide upon reasons for exclusion or for the conditions of admission.”

In the leading case of *Doyle v. Continental Ins. Co.*, 94 U. S. 535, the power of the state in this respect is stated as follows:

“ Full power and control over its territories, its citizens and its business belong to the state. . . . The state of Wisconsin (except so far as its connection with the constitution and laws of the United States alters its position) is a sovereign state, possessing all the powers of the most absolute government in the world. . . . The complainant has no constitutional right to do business in that

state; that state has authority at any time to declare that it shall not transact business there. . . . No right of the complainant under the laws or constitution of the United States, by its exclusion from the state is infringed."

State legislation, in its scope of operation, may be summarized as having undertaken to regulate the conduct of the insurance business in the following particulars:

First. To prescribe a means for giving effect to the laws relating to such companies by creating separate and distinct departments of state, to which all companies must make report of their business.

Second. To fix a standard of solvency and to regulate the investment and expenditure of corporate funds.

Third. To formulate the terms of the policy contracts which such companies may issue.

Under the laws of most of the states, the duty of supervising the insurance business has been entrusted to separate and distinct departments of insurance. In the other states, this duty has been committed to existing state officers. Where such officers have been clothed with discretionary powers either in granting, refusing or revoking authority of a company to do business within their jurisdiction, their judgment is usually conclusive and cannot ordinarily be changed by mandamus proceedings. However, where the powers of such officers are limited by statute, the law is the source and measure of their authority, and they have no discretion beyond that expressly conferred upon them. Nearly all of the states have followed the laws of New York in creating these departments, and outside of a discretionary power of determining the solvency of companies seeking to do business in their jurisdictions, have confined their duties to the "execution of the laws relating to insurance."

Those laws having in view the establishment of a standard of solvency are based upon the accepted tables of experience specifying the maximum rate of interest at

which reserves may be computed. In the majority of the states provision is made for the acceptance of the certificate of the insurance department of the home state of the company as to the valuation of its policies, and, outside of the state of Massachusetts, no state other than the home state of the company makes any such valuation.

The requirement of an annual statement is the legislative means of giving publicity to the manner in which the companies have conducted their business and to the financial condition of such companies. Many of the states also require that abstracts of such statements be published in local newspapers. This means of opening the books of the companies to the public furnishes an effective remedy for eliminating the abuses in the management of the business, and opens a way for fixing responsibility on those who might have otherwise adopted unsafe or selfish business methods.

In undertaking to regulate the investment and expenditure of corporate funds, some of the states have enacted laws prescribing the classes of securities which may be purchased and the locality in which loans may be made; they have limited the amount of new business which may be written and have stipulated the amount which may be expended therefor; they have restricted the amount of salaries which may be paid; they have regulated the distribution of the earnings of the corporation, and in general have sought to regulate many details concerning the corporate management of funds which could be otherwise effected by demanding full publicity in these matters, for, where the books of mismanaged companies are thus laid open to competitive attack, there can be no doubt but that the companies would voluntarily conduct their affairs in a manner that would not be open to condemnation.

Most of the states restrict investment by the insurance companies to the purchase of bonds of the United

States, or of any state or municipality; to loans on unincumbered real estate in any state in which it does business, and to loans to policyholders on the security of policies. Companies doing business in Texas have recently, by legislative direction, been compelled to invest 75 per cent. of the reserve on Texas policies in Texas securities; the law directs that these securities are to be deposited with the insurance department of that state, but this part of the law has been nullified by the ruling of Commissioner Love, who has held that where the laws of the state under which the company was organized require the deposits to be made in that state, the provision of the Texas statute shall be without effect.

The legislature of Missouri in 1907 enacted a law excluding from that state any foreign insurance company paying an annual salary of \$50,000 or more to any one person; the validity of the statute was upheld by a divided court on the theory that this was a proper exercise of the police power by the state; in the dissenting opinion, legislation of this character is branded as an unreasonable exercise of the police power, and is declared to be violative of the constitutional guaranty of the right of private contract in so far as it undertakes to regulate domestic companies in this regard.

Eighteen states have adopted standard forms of fire policies. A majority of these have followed the New York law and have made the form of policy in use in that state the standard for their own. These enactments declare that no company shall issue within the state any policy or renewal other than such as shall conform in all particulars to the standard adopted by the state.

Under the ruling of the New York Courts the standard policy law applies only to policies issued on property within the state, and does not prohibit a New York company from making a contract on property outside of that state in any form it may see fit. However, the actual use

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of the standard form has not been so limited and, most all companies, whether operating in standard form states or not, have voluntarily adopted the standard prescribed by the state of New York, and are using it in all states that do not have their own special forms.

Owing to the many different forms in which life policies may be written, few states have attempted to prescribe a standard to be followed by all companies. New York and Ohio, however, are exceptions, and have enacted compulsory standards, while the state of Minnesota has established a form, the use of which is entirely optional.

These laws apply only to policies issued within the state by domestic companies, and do not restrict such companies from issuing different forms in other states, or forbid authorized foreign companies from issuing different forms in that state. Four forms are enacted, viz.: ordinary life, limited payment life, endowment and term policies. Industrial policies are expressly excepted.

The validity of the standard policy law is sustained upon the theory that a corporation has no rights independent of the power that created it. The extent to which the creative power may go in this respect is unlimited so far as the future right to contract is concerned. It may be best appreciated by quoting from the opinion of the justices of the Supreme Judicial Court of Maine on the question of the constitutionality of the standard policy law of that state, (*In Re Standard Policy*, 42 Atl. 828) to-wit:

“ The legislatures may refuse to grant any corporate rights or powers whatever, or even existence, or it may grant one only. Until the legislature acts, these do not and cannot exist. So the legislature may by general law or special act ‘amend, alter or repeal’ any corporate charter or corporate right or existence once granted (except, of course, where it has stipulated not to do so), and in so doing it may cut away the powers of a corporation

one after another, and from time to time, and finally destroy the last one and the corporation itself. It cannot, of course, confiscate the property of the corporation once lawfully acquired. It cannot impair the obligation of a contract once lawfully made by a corporation. So far the legislature is restrained by the state and federal constitutions. But it can prohibit the acquisition of any more property by the corporation, or any new contracts whatever by the corporation, or any new contract except one of a particular prescribed kind and form with prescribed stipulations therein. This power, sweeping as it is in its scope, is necessarily implied and included in the reserved power to amend, alter, or repeal the very legislative acts which gave life, powers and rights to the corporation. This power is inherent in the legislature, unlimited by any section or clause in the federal or state constitutions."

Although but few states have attempted to prescribe standard forms of life policies, a number have enacted laws stipulating certain provisions which such policies must contain and prohibiting the insertion of other conditions. These laws, indirectly, have brought about the use of a uniform policy in such states, as effectually as has the standard policy law. Arizona, California, Colorado, Illinois and Indiana, Wisconsin, Oklahoma and a number of other states have laws of this type.

All of the states have enacted measures limiting the power of contract in some particular and such laws have generally been sustained as a valid exercise of the police power. By some, warranties have been abolished; by others, the defense of fraudulent representations is precluded, where the application has not been attached to the policy, or the premium has not been returned immediately upon learning of such facts; some have enacted laws making the policy incontestable after certain stipulated times; others have closed the doors to the defense of suicide; policy limitations upon the time of serving

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notice and the time for commencing actions have been avoided; arbitration clauses have been annulled; the giving of grace in the payment of premiums has been made compulsory; the locus of contract has been fixed, and recently, several states have created rating boards for the purpose of regulating the rates which may be charged.

As to the power of the states in this respect, the United States Supreme Court, in *Northwestern National Life Ins. Co. v. Riggs*, 203 U. S. 242, speaking through the late Justice Harlan, said:

“The business of life insurance is of such peculiar character, affects so many people, and is so intimately connected with the common good, that the state creating the insurance corporations and giving them authority to engage in that business may, without transcending the limits of legislative power, regulate their affairs.”

To summarize, it may be said that, so far as domestic companies are concerned, a state may prescribe the terms of the policy contract under its power to regulate matters charged with a public interest, and, as to foreign companies, by making the acceptance of such laws a condition precedent to the right to do business in the state.

In the recent case of *German Alliance Co. v. Barnes*, Supt. of Ins., 189 Fed. 769, the constitutionality of insurance rate regulation has for the first time been judicially determined, the court holding that the insurance business so intimately affected the public needs and welfare that it was within the police power of the state to regulate the rates to be charged on the same grounds that it had power to regulate railroad rates.

Insurance taxation furnishes one of the most important, as well as one of the most serious problems now confronting the insurance companies. In addition to taxes on real estate, which every one has to pay, insurance companies are required to pay a variety of taxes

and fees equal in some states to as much as 5 per cent. of the annual premium receipts therein.

In practically all of the states, the annual premium income in such states is taken as the basis of assessment, but, owing to the variance in the rates imposed, there is practically no uniformity whatever in such system. Some states levy no such tax. In some, the rate of assessment is as low as 1 per cent., while in Kansas the amount required to be paid aggregates 4 per cent. of the gross premiums. Others make a difference in the rate to be charged foreign and domestic companies, some exempt assessment organizations and accident companies, while the states of Connecticut, New Jersey, Illinois and Wisconsin wholly exempt domestic companies from any such tax.

Besides this form of tax, additional taxes are required to be paid by some states to provide for the maintenance of state rating bureaus and fire marshals; other states, among which are New York and Illinois, authorize cities to impose taxes for the maintenance of fire departments. Some states permit cities to collect a tax for the privilege of maintaining an office therein; some require deposits to be made therein and lay a property tax on the securities so deposited; Massachusetts lays a tax on reserves. Colorado collects a tax on capital stock. In fact, it is not going too far to say that each state levies a tax on a basis different from that of every other state.

Growing out of this heterogeneous condition of the laws relating to taxation, thirty-two states have enacted retaliatory measures imposing on foreign companies the same conditions and penalties as the home states of such companies impose on the companies of the state enacting such laws, thereby securing some degree of uniformity of conditions as between the companies of each two states transacting an interstate business.

A number of states, in which are located the larger

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cities, have found it necessary to lift the ban on foreign fire companies in order that their citizens may obtain sufficient insurance to protect them against loss and have enacted laws known as Surplus Line Laws, which in effect give to foreign fire companies the right to do a limited business therein without submitting to the laws otherwise applicable to such companies. The states of New York, Pennsylvania, Illinois and Missouri have laws of this nature.

The fact that such legislation is necessary seems to represent an admitted failure of state control of interstate insurance, and furnishes a strong argument in favor of federal supervision.

The great diversity of the laws of the several states regulative of the insurance business, manifesting a purpose to discriminate against companies of other states and resulting in the imposition of fees and taxes on such companies far in excess of the cost of supervision, together with the injustice in the principle of premium taxation—a price on the privilege of insuring known only to this country—has stimulated a movement on the part of insurance organizations to either bring about a unification of the insurance laws and a change of the burdensome system of taxation, or else to appeal to Congress in the hope of obtaining federal supervision.

It is to be hoped that either one or the other of these conditions may be realized.

Powers of Agents

Corporations are artificial beings and can act only through the medium of personal agencies. The relationship of principal and agent, as between a corporation and persons representing it, arises either out of a special appointment by the corporation or by implication where such corporation permits a person to act for it or subsequently ratifies acts done in its behalf.

What acts are sufficient to constitute a person an agent of an insurance company have been defined by legislative enactment in thirty states. These laws are to the effect that any person who shall directly or indirectly receive or transmit money to or for the use of any such company or who shall in any way aid or assist in procuring applications, issuing policies or adjusting losses shall be deemed the agent of such company.

Without regard to the statutory definitions, it may be candidly stated that any person who does any act for a company with its knowledge or consent, or who receives compensation from a company for any acts done in connection with the solicitation of applications or the issuance of policies, or whose unauthorized acts are accepted and ratified by the insurer, will be held by the courts to be an agent of such insurer.

As a general rule, the apparent authority of an agent is to be taken as the measure of his actual powers, contractual and policy limitations notwithstanding. The public have a right to rely upon his ostensible acts, and are not obliged to make inquiry to ascertain what limitations have been placed thereon unless the circumstances are such as to charge them with notice that he has not the power to do those things that he has actually undertaken. Where there are contractual or policy limitations upon his authority, such limitations are inferior to the doctrine of equitable estoppel and may be waived by the company through an agent acting within the apparent scope of his authority.

From the standpoint of the company, agents may be classified as general, special, local and soliciting. This classification, however, is not accepted by the courts, they classifying all agents who have authority to solicit applications and collect premiums, and who are intrusted with the delivery of policies issued on applications procured

by them, as general agents of the company they represent with reference to the policy contract.

As between the company and its agents, the agency contract measures their relative powers. The ordinary general agency contract vests in the general agent all of the powers which the company possesses for the territory defined therein. He has the general management of the company's business within such territory; he appoints all agents, receives all reports, and is generally held liable for all premiums collected within his jurisdiction. His power of appointment creates a privity of contract between his company and his appointees and the company may look directly to such appointees for settlement of premium accounts not paid by them to their superior. There is a line of cases, however, holding that where, by general agency contract, such general agent is made personally responsible for the premiums collected by the sub-agent, no right of action exists on the part of the company to compel the sub-agent to make payment to it.

The local agent is one usually appointed by the general agent to transact the company's business within a limited part of such general agent's territory. His powers are not different from those of the general agent. Both may be said to be the alter ego of the company itself.

The authority of clerks appointed by general and local agents is, as a rule, limited to the doing of clerical or ministerial acts, and they may not alter or waive policy conditions. Where, however, the agent has been accustomed to permit his clerk to do the acts which he alone is authorized to do, or ratifies particular acts done by such clerk, these acts will be as binding on the company as if done personally by the agent.

Solicitors or canvassing agents have no power to make, alter, or discharge contracts, or to waive forfeitures or grant permits, and their authority ceases upon the taking of the application and the collection of the premium, al-

though their knowledge concerning matters relating to the insurance acquired in the course of their solicitation is imputed to the company and forms a basis for estoppel; their interpretation of the meaning of the questions in the application and of the terms of the policy contract are binding on the company, and their fraudulent acts of perverting answers in making up applications are chargeable to the company, notwithstanding stipulations therein that in preparing the application the agent shall be deemed the agent of the applicant.

Within the term "special agents" are all representatives charged with the performance of special duties. Among these are adjusters and medical examiners. They have no power to make contracts and cannot waive conditions of contracts previously made and to be performed.

The adjuster is the representative of the company in investigating and ascertaining the loss. By the policy contract, it is usually stipulated that no acts on his part shall be deemed a waiver of the policy conditions. Furthermore, he has no implied power to so do. The courts, nevertheless, uniformly hold that a denial of liability by the adjuster amounts to a waiver of the requirement of proofs of loss, notwithstanding the policy stipulation that all waivers must be in writing.

As to forfeitures accruing before loss, the weight of authority is that no act on the part of an adjuster will effect a waiver. There are, however, exceptions to this rule, and in a number of states, it has been held that where the adjuster, knowing of acts or omissions on the part of the policyholder forfeiting the insurance prior to the time of loss, proceeds with the adjustment putting the assured to trouble and expense in so doing, the company will be estopped to set up such forfeiture in defense of its liability.

The medical examiner of a life insurance company is charged with the duty of making physical examinations

of the applicants for insurance. This is usually the extent of his authority. All information acquired by him as to these matters is imputed to his principal, but knowledge acquired of other matters not within the scope of his employment, although material to the company, under the better decisions, are not so imputed.

It is the general rule of law that an agent cannot serve two parties having antagonistic interests, and where his duty to his principal is opposed to, or even remotely conflicts with his own interest, or the interest of another party for whom he acts, the law will not hold his acts obligatory upon his principal unless known and assented to by it.

Policy provisions undertaking to make the soliciting agent the agent of the insured have been invalidated both by judicial construction and legislative enactment, the courts having declared that the question of agency is one of fact and not a matter of stipulation, while the legislatures of thirty-six states have positively declared that no such stipulation shall be valid.

The rule that one may not serve conflicting interests in the capacity of agent is subject to the exception that a policyholder, in the event of loss, may make the insurer's agent his agent in furnishing notice and proof of such loss. On this question, the Supreme Court of Iowa, in the recent case of *Griffith v. Anchor Fire Ins. Co.*, 120 N. W. 90, said:

“It is insisted that Bauder (the company's agent through whom the assured gave notice) could not act as agent for both plaintiff and defendant. This rule has no application to the case. Bauder may have been plaintiff's agent in giving notice and furnishing the showing required by the defendant, and the defendant's agent in giving plaintiff the information furnished him by the company. There is no rule of agency which would forbid this.”

A considerable measure of insurance is placed through the medium of brokers. In negotiating the policy contract, a broker represents both parties thereto. As to what acts are done on behalf of the assured and what on the part of the insurer must be determined by the actual facts of each particular case. Usually he is held to be the agent of the assured in the doing of all acts prior to the time of the issuance of the policy, and the agent of the insurer thereafter if the policy be sent to him with directions to deliver same and collect the premium thereon. His agency, as to both parties terminates upon the consummation of the contract.

Where, on his own responsibility, without any previous authority from the insurer, a broker solicits insurance, his solicitations are not as agent of the company, and knowledge acquired by him in the course of such solicitation is not ordinarily imputed to the company. Where, however, such a broker has been made the agent of the company for the purpose of delivering the policy to the assured, or the assured has been solicited by him, and makes application, not knowing that he is not commissioned to act for the company, which accepts the application and issues its policy thereon, knowledge acquired by him as to matters affecting the risk will be imputed to the company, and it will be estopped to predicate a forfeiture upon such facts.

In the late case of *McCord v. Illinois National Fire Ins. Co.*, 94 N. E. 1053, the Appellate Court of Indiana has laid down the proposition that where an unauthorized foreign insurer has forwarded policies to a broker for delivery, on applications submitted by him, and has directed him to collect the premiums thereon, out of which premiums he was authorized to retain a specified percentage for his services, such broker was an agent of the company, within the statute defining agents so that

process served upon him was good service on the company.

Although the general rule is that the broker's agency for the assured terminates upon the forwarding of the application, some of the courts hold that where the company makes delivery of the policy to the broker, such delivery is a sufficient delivery to the assured and completes the contract, the theory of the decisions being that the broker is the assured's agent for that purpose. This rule is subject to the further exception that the company may, if it does not desire to accept the risk, give notice of rejection to the broker. But, to effect a cancellation after the contract has been consummated, it is the universal rule that notice by the company to the broker is insufficient.

As to the effect of a notice to cancel given by the assured to the broker through whom the policy was issued, it has been recently decided in the case of *Morris McGraw Wooden Ware Co. v. German Fire Ins. Co.*, 52 Southern 183, that such notice was insufficient to cancel the policy where the assured was not notified and the premium returned, and that the assured was entitled to recover for loss occurring after such notice.

An agent is legally bound to follow the instructions of his principal. If he wilfully or negligently disobeys and the principal suffers loss through such disobedience, he is personally liable for the loss. Where he issues a policy contrary to instructions, where he fails to cancel a policy when so instructed, or where he neglects to reduce the amount of insurance according to the direction of his principal, and loss occurs, he must reimburse his principal to the extent of such loss.

On the other hand, if an agent knowingly makes false or fraudulent representations concerning the responsibility of his company, or assumes in violation of law to

act for a company not authorized to do business in the state, or induces any person to insure in an insolvent company, he will be held personally liable to the insured for any loss. It is a rule of law in many of the states that any person who undertakes to act for a company not licensed to do business in such state, thereby personally assumes that the company for which he acts is solvent and able to perform its agreements, and as between the insured who in good faith accepts a policy believing the insurer to be solvent and responsible and an agent who in violation of law induces him to take out the insurance, the latter must bear the loss. This principle does not apply to agents of companies authorized by the insurance commissioner to do business in the state, as they may assume that the license of authority is a certification of solvency and may so represent the company to the public.

Where, however, an assured seeks to hold an agent liable for loss suffered by him, all defenses open to the insurer may be relied upon by the agent, and, if for any reason there could be no recovery against the company, neither could there be against the agent.

As between the agent and the company, their respective rights and liabilities are to be determined by the the contract of agency. The continuance of the relationship, where it is not specifically limited by contract, is presumed to be at will and may be terminated at any time by either party. Where the contract gives to the company the right to terminate the relationship for cause, such right may be exercised for non-production of the stipulated volume of business, for failure to make the required reports, for non-payment of nets, or for the failure to make compliance with the contract in any particular. Where the contract is for a fixed period of time, the company may not discharge the agent, and any at-

tempt to so do lays it liable to him for the probable value of the contract for the unexpired term thereof.

The agreement to pay renewal commissions is upon the implied condition that the renewal premium is collected. If, before the expiration of the agency, the company dissolves, the agent may not share in the distribution of its assets except as to commissions actually due at the time. Nor can he recover for renewals after his principal has reinsured its business, for the contract of agency is personal and ceases upon the transfer of the business.

Although an insurer must return the unearned premium on a policy canceled prior to its expiration, this does not effect a proportionate reduction in the agent's commission, for the reason that commission is earned at the time the policy is issued. This rule does not apply, however, where the agent upon the expiration of his employment or upon his discharge, induces the assured to cancel for the purpose of re-writing the insurance in another company which he represents, and the agent may be compelled to refund a percentage of the return premium corresponding to rate of commission received by him.

When an agent collects premiums, he holds them for the use and benefit of his principal. Any appropriation of the same to his own use constitutes embezzlement, and renders him liable criminally.

The business of a fire insurance agent, who represents several companies and whose patrons leave the matter of the selection of the companies in which the policy shall be written to his judgment, is his property and may be sold by him. The sale of the agency business does not, however, carry with it the right of the vendee to represent the insurer, for the contract of agency between the insurer and its appointee is personal to the parties thereto and cannot be assigned, or the power of the appointee be delegated, under the well known maxim in

agency: "*Delegata protestas non potest delegari*"—
A delegated power cannot be delegated.

In the late case of *Fairfield v. Lowry, et al*, 93 N. E. 598, the Supreme Judicial Court of Massachusetts has laid down the following propositions as to the relative rights of vendor and vendee in the sale of the agency business conducted by a fire insurance agent, to-wit: (1) That the business is the property of the agent and may be sold. (2) That the sale of the business does not carry with it the right to use the name under which the agency was operated unless so stipulated in the contract. (3) That by the sale of the business the vendor was not precluded from thereafter engaging in such business, but that he had no right to solicit business from his former customers or to injure the business of his vendee.

The expiration register kept by an agent containing the record of policies issued and matters relating thereto, although furnished to him by the insurer for that purpose, is his property and may be transferred by him. The theory of this conclusion is that the register is furnished the agent for the purpose of enabling the agent, for his own benefit and not for the benefit of the insurer, to keep track of his customers and the business of such customers with himself. In this connection, the New York Supreme Court in *National Fire Ins. Co. v. Sullard*, 89 N. Y. Supp. 934, said:

"Our opinion is that the plaintiff (company) was not the owner of the expiration register, nor entitled to its possession, and hence not entitled to enjoin the defendant from the use in any lawful manner of the information derived from the expiration register. As to the balance of the books, papers and memoranda, including the copies of the daily reports, the plaintiff (company) is their owner."

All of the states require compliance with certain statu-

tory provisions as a condition precedent to the right of an agent to represent an insurer within the state. Each agent of an authorized company must obtain a license before he can transact any business for his principal in such state and must submit to the supervision of the state department of insurance in the same manner as do the companies themselves.

Agents undertaking to represent unauthorized companies make themselves liable to penalties for so doing. These penalties range in the different states from \$25 to \$1,000 fines and imprisonment from ten days to twelve months. In some of the states, such agent is made personally liable for the taxes and penalties which the company would have been required to pay had it been authorized to do business in the state, and personally liable to the assured for any loss suffered by him.

Similar laws have been enacted in a number of the states with reference to brokers. They are forbidden to negotiate insurance for authorized companies unless they have first taken out a special brokers' license, under penalty of fine and imprisonment for failure to so do.

The validity of these laws is generally sustained on the theory that since the state has power to admit or refuse a company to do business, it likewise has power to stipulate the terms upon which it may enter, and may enforce such terms by imposing penalties on the agencies through whom it acts.

Within the past few years there have been enacted in the states in which are the larger cities of our country, Surplus Line Laws, which in a measure lift the ban of the laws prohibiting a free interstate insurance. These laws authorize the issuance of licenses permitting persons to act as agents to procure insurance from companies not authorized to do business within the state, upon affidavit that the assured is not able to procure sufficient insur-

ance in authorized companies. The judicial construction of these laws is that the insuring company is not admitted to the state and authorized to transact business therein, but that citizens of the state are permitted to insure in such companies under certain conditions, and that the agent in negotiating such insurance acts for the assured and not for the company.

CHAPTER LXXVIII
MANUFACTURE OF A POLICY

BY JOHN W. McLAUGHLIN

TO TRACE the manufacture of a policy from the very beginning, one must start with it in its early stages at the paper mill.

Before being transformed into pulp, the rags of which a policy is made are carefully sorted, cut and washed until they resemble a mass of cotton, after which they are thoroughly bleached, chloride of lime being the usual bleaching agent. The subjoined description of the processes through which the rags are put before they are ready for the paper-making machine is furnished by a well-known paper mill of New England.

“ The rags are first brought into the sorting-room, where every piece is carefully examined by skilled women workers, who separate them and take out any dirt or foreign substance. The rags are then cut into shreds of uniform size, and pass into the washing engine. Here the clippings are further pulled apart and thoroughly cleansed by the washing process. As they are being driven about by centrifugal force, a stream of clear water is constantly flowing in at the top, while the starchy water is drawn off by means of an ingenious mechanism. All vestiges of dirt are now removed. A most thorough breaking process is the next step, the clippings being driven again and again under the wash roll, where they are pulled apart until no sign of the original fabric remains. After some hours, the shreds have become so fine that the substance resembles a mass of cotton. It is at this point that chemicals are introduced for bleaching purposes, to remove from the fibres any color which may yet remain.

“ The material in the tub, which is now known as ‘ half-

stuff ' is then emptied into the drainer, where, after several days' continuous draining, it is ready for the beating engine. Here it receives its last washing, and the bleaching chemical is removed. The shredding process is continued for a considerable number of hours, until the fibres become the proper length. The ' half-stuff ' then comes to be known as ' stuff.'

" The beautiful sheet of bond paper upon which a policy is printed does not look as if it were very closely related to this ' stuff,' and it requires some stretch of the imagination to picture the conversion of this oozy semi-fluid mass into the hard, white and durable form with which we are so familiar.

" The ' stuff,' however is now ready for its journey through the paper-making machine. It is first carried over a wire cloth, through the screen of which the surplus water runs, then is taken over a roll of woolen felt to a series of drying rollers which drive out all the moisture. The paper-making machine begins with the endless belt of wire cloth mentioned above, upon which is delivered the ' stuff.' The flow of this gruel-like substance is minutely regulated according to the thickness of paper desired. Endless belts of rubber known as deckle straps run along the side in order to keep the milk-like fluid from running off the wire. The desired width of paper, of course, determines the distance between these deckle straps. As this wire carries the substance along, a jerky, shaking process weaves together the innumerable fibres; and thus is obtained, in soft and liquid form, a sheet of paper. The remainder of the process thoroughly eliminates the excessive moisture by drawing off the water through the wire cloth. The damp paper is now carried by a roll of woolen felt through the press-rolls to the dryers—hollow rollers heated by steam to the required temperature. The paper is carried around these dryers, the number of which varies according to the thickness to be obtained,

a heavy paper requiring a larger number of dryers than a lighter paper.

“ After it becomes perfectly dry the paper is sized with glue in order, principally, to make the surface ink-proof. The web of paper is run through a sizing tub, the superfluous size is squeezed out and the web while still damp is cut into sheets of the required size, which are hung upon poles in an evenly-heated room called the loft-room, until they become thoroughly dry, after which they are ready for the final touches in the finishing room, where they are ironed out smooth and given the desired finish.

“ Skilled women then sort the sheets, throwing out the imperfect ones, and the paper is counted into reams of five hundred sheets, the edges trimmed and the packages sealed.”

We will now consider that the paper upon which the policy is to be printed is neatly piled in the print shop, ready for the processes of printing.

Lithographing

It is likely the border and heading are to be lithographed, in which case the result will be arrived at as follows:

The design may be engraved directly upon a lithographic stone or transferred thereto from impressions taken upon what is known as transfer paper. A design engraved directly on the stone will show sharper and clearer whether printed direct from the stone or from zinc or aluminum plates to which it has been transferred.

Some large insurance companies are lithographing their policies by the “ offset ” process, a process yet in its early stages, but far enough removed from the experimental to make beautiful work possible.

The initial steps necessary to preparing the design for printing by this process are the same as those taken in straight lithography so far as engraving upon or trans-

ferring to a lithographic stone is concerned, but the design cannot be taken direct from the stone to the paper as on a lithographic press, nor can it be taken direct from a zinc or an aluminum plate as in plate printing.

The main features of the offset press are three finely-ground steel cylinders laid in such a way with relation to each other that two of them press closely against the third, called the blanket cylinder. The upper roller carries the metal plate, usually zinc, which bears the work that is to be printed. This plate is subjected alternately to the action of two sets of rollers bearing respectively greasy ink and water. Both sets of rollers press against the entire length of the plate, but as the base of the work on the plate is a fatty substance the water rollers do not affect it, they serving only to keep the ink from adhering to the blank portions.

The plate cylinder having received its charge of ink revolves against another cylinder around which is tightly stretched a rubber blanket. The blanket thus receives a duplicate of the design on the plate, except that it is a reversed or negative impression. This blanket cylinder revolves in turn against a plain steel cylinder, very carefully and truly ground, and between these two cylinders the policy in course of manufacture takes another step toward its goal. The design is transferred from the rubber (upon which, it will be remembered, it appeared in reversed form) to the paper, the border design and pictured heading showing on the paper in the correct form, or positively, and the policy is ready for the recital of promises, conditions, privileges, and provisions, which are generally printed on a type press, to be described later.

If the design is printed in more than one color, it is necessary to run each sheet through the press as many times as there are colors. If 50,000 sheets are being printed, to complete a policy design in three colors would

require 150,000 impressions, and each color would require a separate plate.

In color work of this kind the different color plates must be laid out very carefully in order that the colors printed last be superimposed in exact position over those first printed. The sheets are fed either by hand or automatically. Some feeders acquire great skill and are able to feed sheet after sheet to the guides even when the press is running at a fair speed. This is important, as the slightest deviation would throw the color "out of register," as it is termed technically, or out of its proper position with relation to the other colors.

There are various kinds of automatic or mechanical feeders, but the principle underlying the ones most commonly used is the shoving of the top sheet from a pile of paper on to tapes which carry it to the guides, against which it is gently pushed and held until the grippers of the press carry it away. Automatic feeders can be operated successfully at speeds far above those possible for the human feeder.

Setting the Type

Before turning to the type presses upon which the text of the policy is printed it might be well to go to the composing room to see how the forms of type are prepared.

Some few, some very few, policies may be put in type in the old-fashioned way followed by Benjamin Franklin and his successors up to fifteen or twenty years ago, in which event you will see a calm, philosophical looking workman patiently picking up by hand one small piece of metal after another from a series of compartments laid out in a wooden case. You might be interested enough to watch him until he had finished setting the last line, provided you had the time to spare, for setting type by hand is a slow and tedious process. But in all

probability you will find the policy being set and cast by machine.

I shall describe the machine which would most likely be used on this class of work, and the method of its operation, or rather the method of *their* operation, for it is a dual piece of machinery, the keyboard, upon which the matter is technically "set," and the casting mechanism being distinct and separate contrivances, but neither alone able to produce the finished product.

The keyboard is a bank of keys arranged as on a typewriter, and pressure on any one of these keys is transmitted to punches which act upon a ribbon of paper, small perforations being made in this ribbon, which is unwound from one spool and rewound about another, the perforations being made during its short journey from spool to spool.

The operator sits before the board with the copy hung nearly in front of him, a little to the left of the bank of keys. As he reads the copy, his fingers press down the keys bearing the individual letters of the words of which the copy is made up; the punches controlled by these keys rise and perforate the traveling band of ribbon, thus preparing it for its work on the casting-machine.

In addition to the keys marked with letters of the alphabet, the ten digits, the various marks of punctuation, etc., there are, across the top of the board, two rows of red keys numbered consecutively from 1 to 15. These are called justifying keys, and are not brought into use until a bell warns the operator that he has approached within a certain distance of the end of his line. Glancing at his copy to note whether the next word or syllable is short enough to go within this space, and adding it or not, as the case may be, he presses a key which whirls a figure-covered cylinder in front of which is fixed an index arrow. This cylinder comes to rest with the arrow pointing between two numbers, one above

the other. The upper number tells which key he is to press in the upper row of red keys referred to above, and the lower number denotes the key in the lower row.

For the sake of convenience, we shall assume that the arrow tells the operator to press the No. 1 key in each row. The perforations made in the ribbon as a result of pressing these keys will adjust the spacing mechanism of the casting-machine so that .0075 of an inch for the upper key and .0005 of an inch for the lower will be added to the regular spacing between all the words of that line. Had key No. 2 of the upper row been pressed, and key No. 3 of the lower, twice .0075 and three times .0005 would have been added for each, respectively. If key No. 15 had been used in both rows, the widest possible spacing would result, over one-eighth of an inch between words, more than is usually met with in practice.

Line after line is "set" in the same way until the policy is complete, in so far as the keyboard is concerned.

The spool of perforated ribbon is now unwound and rewound on the casting-machine just as it was on the keyboard, except of course that what was the end of the work on the latter is cast first on the former. The ribbon is run over a brass cylinder into which a current of compressed air is forced. This cylinder bears a straight line of perforations which are all covered by the paper except as—one or two at a time—the perforations in the ribbon pass over those in the cylinder. This allows a vent for the air, the passage of which through those particular holes determines the position of certain parts of the mechanism which affect the width of the spacing or the position of the case containing the matrices.

It will be remembered that on the keyboard the last keys pressed at the end of any line were the red justifying keys—the ones which determined how much space was to go between words. These are, therefore, the first perforations presented to the caster. They have the

effect of setting the space-mold to cast spaces of a certain width between all the words of a line, so that when the line is finished it will be absolutely the length desired, and they also trip the mechanism which shoves the line into place on the galley.

Now as to casting the letters. The matrices which give the face of the letter are contained in a steel case holding 225, which case, by the action of the machine, is moved rapidly in different directions.

As the perforations for a letter are always in the same latitudinal position on the ribbon they always allow action of the air through the same holes in the cylinder.

The position of the matrix case is determined by two rows of pins, the individual members of each row being forced into action by the pressure of the air through the holes of the cylinder mentioned.

When the letter "a" was pressed down on the keyboard two holes were punched in the ribbon. Every time the "a" key is pressed two holes are made in the same relative position in the ribbon, and two holes are made for nearly every other character, but in different locations. When the "a" perforations run over the brass cylinder they uncover each time the same two holes, with the result that the same pins are raised, one of them stopping the motion of the matrix case at a certain point in one direction and the other holding it fast in the other direction. Therefore, the same point in the matrix case will be held over the mold every time these two controlling pins are raised. In the case instanced this point will contain a matrix of the letter "a" which will be held in place only long enough, a fraction of a second, to permit a jet of hot metal to be shot up into the mold and against the face of the matrix, the mold determining the width and height of the body of the type and the matrix making the face.

When cast, this letter is pushed out into its place in

the line of type to make way for the next one, the matrix case being moved far enough in the right direction to bring a new matrix over the mold, and thus character after character is cast, until a line is finished. The line is then automatically pushed out on the galley, to join others which have preceded it, and a new line is started, and so on until the last line is set, and the policy is complete in type.

Reading Proof

It is important that the text of an insurance policy be free from error of any kind.

In order that it may read exactly like the copy and be clear of typographical and other errors to which the printing business is prone, the form of type is rolled with printer's ink and an impression taken on dampened paper; this is called a proof, and, together with the copy, is turned over to the proofreader.

It is his duty to indicate on this proof any portions which do not agree with the copy, and to mark typographical errors, but a good proofreader can often detect errors in the copy, which if allowed to appear in the printed work would seriously reflect on the author.

It may seem an easy task, given legible copy and a good copyholder, to make a proof agree in every respect with the copy, but many are the slips made by conscientious and painstaking proofreaders, even after a proof has been given several readings.

The usual procedure in work of the nature of a policy contract is to make an initial comparison of proof with copy, one person reading from the latter while the proofreader marks corrections on the former. All such are then corrected in the type and another proof taken, which, after noting that all corrections marked in the first proof have been made, is again carefully read, usually by a second reader.

Any further errors are then corrected in the type, and the proof is ready for submission to the departments that drew up the copy, which may in turn make further changes or corrections. When the printer has all the necessary O. K.'s he is ready to proceed with the making of the plates.

Electrotyping

The page of type before being sent to the foundry is enclosed in heavy guards exactly type-high and firmly locked in steel frames called chases. The electrotyper takes an impression of this page in soft wax, which has been covered with powdered graphite, and this is known as a mold. The mold is hung in a tank containing usually a copper solution and by the action of an electric current the copper in the solution is deposited on the mold until a shell is formed, the thickness of which depends on the length of time the mold has remained in the battery.

This shell is backed up with lead enough to form a strong base, about three-thirty-seconds or one-eighth of an inch thick, and the plate is then mounted on wood, or is beveled to be used on steel blocks, and is ready for the printer.

Printing the Policy

When the electrotypes are received from the foundry they are locked up for the press. A proof is taken before the form is sent to press, the policy is given a final comparison with copy and the form is then turned over to the pressman.

A pressman who knows his business is very careful not to apply too much pressure to the form, as there are always slight inequalities in the printing surface of a plate no matter how carefully the founder has done his work. If excessive impression is applied the higher

parts of the printing surface are crushed down, almost imperceptibly perhaps, but enough to damage the fine lines of the letters.

The cylinder which bears on the surface of the type has a packing of hard cardboard and paper drawn tautly around it, and additional sheets of paper are added until the pressure is just right. An impression from the plate at this stage would be barely readable. The pressman takes such an impression, however, and marks out the inequalities, pasting over the low parts pieces of thin paper and cutting out such parts as may be too high. This sheet is then pasted on the back of the plate with the result that the low parts get more pressure and the high less. The next impression will be more legible, but further pasting may be necessary. Any sheets after the first are usually pasted on the packing of the press instead of under the plate. In this way the low points of the plate are gradually brought up to meet the packing, or the latter brought up to meet the plate, until there is an even pressure over the entire surface of the latter. The flow of ink is then regulated to cover the plate evenly, the guides to which the sheets are fed are set in the proper positions, and things are in readiness for the actual printing.

The sheets are fed by hand, to guides which determine the position of the printed matter both ways of the sheet. The sheets are combed out on a slanting board, called the feed-board, and are placed, one at a time, against the guides.

The cylinder which carries the paper packing is equipped with a set of fingers arranged on a rod running its full length. This rod is turned over by impact against a steel post so that the grippers catch the sheet simultaneously with the lifting of the guides, and carry it on the cylinder over the form, releasing their hold

only after the sheet is printed. Tapes then carry the printed sheet to the front end of the press while the cylinder continues its revolution, taking the grippers around for a new sheet.

In this way sheet after sheet is printed. When dry, the sheets are sent to the bindery and folded, and the last step in the printing of a policy is taken.

CHAPTER LXXIX

SALESMANSHIP

BY HUGH CHALMERS

THE subject of salesmanship is so broad that it not only applies to salesmen who actually are selling goods, but it applies to all men generally. I think almost every man is a salesman, because if he sells nothing else he is trying to sell what he considers his good qualities to his associates and his fellow men. Even a banker is a salesman nowadays, because he does everything in his power to sell the good features of his bank to his customers and he wants all of these customers not only to think well of the facilities of the bank, but also of all of the individuals who go to make up the staff of the bank.

Lawyers are salesmen in the broadest sense of the word, because they are always trying to sell a court or a jury their side of a law-suit. In a word, all men are salesmen, and I find that the qualities that make for a salesman's success usually make for a purchasing agent's success or a treasurer's success, or any other business man's success.

If I were asked to define salesmanship in the shortest possible way, I would say in a sentence that it is to make the other fellow feel as you do about the thing you have to sell. It is appealing to men's minds; it is changing men's minds to agree with your own. It is throwing thoughts at a man by which you hope to bring his mind into accord with yours on any subject. Every sale that was ever made, whether it was a paper of pins or a life insurance policy, didn't first take place on the order blank, or application blank, or in the order book or check book, but the sale had first to take place in the mind of the man who made the purchase.

Now life insurance comes under the head of difficult salesmanship, because you are selling something intangible; you are selling something that a man in most cases has to die to get the benefit of, and even then he doesn't get the benefit, but others do. So that I say the hardest kind of salesmanship is to convince a man to do something which doesn't always directly benefit him. It isn't like buying something tangible that he can see and feel. He is buying a piece of paper, of course all properly engraved and sealed and all that sort of thing, but this piece of paper merely means a certificate of confidence that those dependent upon him, will be taken care of after he is gone. Of course, I realize that certain forms of life insurance have many advantages nowadays to the man while he is living, but I think most men look upon life insurance as a thing that becomes operative only after they are dead.

As I see it, an insurance salesman must do five things:

- (1) Get hold of his prospect.
- (2) Convince him that as a general proposition life insurance is a good thing.
- (3) Convince him that his company's policy is best for him.
- (4) Get the order signed.
- (5) See that the policy doesn't lapse at the end of the year.

Advertising

There are many ways of getting hold of prospects, but I think that most insurance companies have overlooked the best way, which is advertising, or publicity, if you please. Now advertising is nothing but salesmanship. The two are identical, except that in advertising you are talking to thousands of people at a time, while a salesman usually talks to but one or two people at a time. In other words, advertising conducts a public school while

salesmanship gives individual lessons. The object of advertising and salesmanship is to teach people to believe in you and what you have to sell, so that the word "teaching" is a substitute for both advertising and salesmanship, because when you get right down to the bed-rock of the thing, teaching is what we do when we sell goods or when we advertise, and teaching is what you must do to convince anyone that you are right. You teach them to see things your way.

I have noticed that most insurance men never send in a card, and they never as a rule send in a business card. Why? Because they believe that they will not get an audience if they send in a card.

Somehow or other, men generally look upon insurance, even today, as not being a necessity, and of all the men they would rather not see, it is the insurance man. People try to avoid him and think they will be bored if they see him. Now to my mind if the proper advertising were done, men would be made to see that insurance is not a luxury, and that the life insurance man is not a bore, but, on the other hand, that life insurance is a necessity and that a life insurance agent is his friend.

I think the best advertising that is being done in the insurance business today is the copy being written by Elbert Hubbard, because it appeals to the heart, it appeals to the "human" part of every person; it makes a man stop and think that every day that he goes without life insurance he is likely to do those he loves most, or those who depend upon him, a great injustice.

Most advertising copy that I have seen of insurance companies, speaks of the amount of assets and liabilities, and the amount of insurance they wrote last year, how big their company is, and what dividends they pay, and all that sort of thing. To my mind the average man who buys insurance is not half as much interested at the start in knowing those things as some others. He is not as

easy to approach that way as if you would approach him from his "point of contact," that is, that there is really no choice in this matter, it is not a question of whether or not he wants life insurance, it is a question that he absolutely must have it. There is a difference between wanting a thing and needing a thing. Some men say they don't want insurance, or they don't want an adding machine, or something else, but that doesn't change the fact that they need these things. So there is a difference between wanting and needing things.

It seems to me that advertising can be written that will be so strong and so convincing in character that it will cause men to send for the life insurance man, because they will realize that it is more dangerous to be without life insurance than fire insurance and that far more serious consequences will result from neglect of life insurance than would result from neglect of fire insurance. A man's business might burn and he could live to build another one, but if his life is gone, everything is gone, and in most families when the head is gone the engine is gone, and while of course the personal loss is great, in any event, yet the personal suffering is much greater where a man has not had the foresight to protect his family with life insurance.

Then again, life insurance needs advertising and publicity, because there are many people who distrust insurance since the New York investigation. Advertising would be the greatest factor in restoring confidence. Some people lack confidence largely from the big figures that are printed. It is beyond them to understand, and not understanding, they don't take insurance. A man never buys until he is convinced. He is not convinced until he understands. He won't understand until you talk in a way that anybody without an education can understand. You won't have to worry about the educated if you talk so the uneducated can understand. It

has always been a cardinal point with me in teaching salesmen that unless a prospect understands he doesn't buy, but he doesn't always admit that he doesn't understand, because we as human beings are proud and we don't like to admit that we don't understand a thing after it is explained to us. We think we exhibit a certain amount of ignorance. That is where so many salesmen fall down. They don't talk in a way that people can understand. People don't tell the salesman they don't understand, but they don't buy.

In advertising I go on the theory that in order to make a thousand sales you must appeal to a million minds, and you must keep on appealing to these minds. You should make your insurance copy so plain that people will realize that they need insurance, and after you convince them that they need it, they will want it. It is necessary to keep up this advertising, because we forget easily. Our minds are filled with a thousand things every day, and one of the hardest things to find is yesterday's newspaper. If you don't think so, try to find one. As my good friend, Col. Lafe Young, of Des Moines, has said, "Every man, woman and child in this country knows that a railroad crossing is dangerous, but the railroads don't take down their 'Stop, Look and Listen' signs." The same thing is true of advertising in general business—we must keep up the warning to the people; we must keep telling the people that we are in business, and must keep telling them that they need what we have to sell.

Another reason why the insurance business should be advertised is that you can say many things about insurance that will be convincing in advertising copy which you cannot very well say face to face. There are some things that would be embarrassing to say to a man as an individual that you can say to him in print as one of the community. You can make him realize in print that he

is false to all that is good in man if he neglects to protect his family with insurance, and you can tell him that he is not half a man who will use up in good living all that his brain and hands can make and fail to care for his loved ones when he is gone by a proper amount of insurance. Much of this you could say in print, but very little of it face to face unless you knew the man very well, and even then it might not be considered good taste or good judgment.

The public needs education about insurance. Write and talk from the public point of view. It is all right in insurance copy to talk about paid-up features, impossibility of default, and to show why the company is strong, and why the policies will be paid, but above all, the most convincing thing to me about insurance would be to point out the benefits that others had received.

Life insurance comes under the heading of difficult salesmanship because you must appeal to a man's good qualities, his unselfishness, his love of family, because he must die to realize on his insurance, and then someone else gets it, and because when he signs his checks for the premiums he sees no visible returns. I cannot conceive how any man can go without an adequate amount of life insurance, and I honestly think that if there are not as many people taking life insurance as should, it is the fault of the insurance companies themselves; they have not created an impression favorable to life insurance in the public's mind.

I dwell on this matter of advertising because I think it is the one weak thing in the insurance business—that the copy is not of a convincing character and that there is not enough of it.

Selecting Men

When it comes to the salesmanship required to sell life insurance, I believe that there is no other business

or profession where personality counts for so much as it does in the life insurance business. The life insurance man must win the confidence of his prospect in both himself and his company, because I believe that, after all, one gives insurance largely on the confidence they have in the man soliciting it. Most business men are too busy to look into the detailed merits of each proposition laid before them, the financial responsibility of the company, whether or not they are all they say they are in the printed statements, and he must rely largely on his confidence in the integrity of the man soliciting the insurance.

The question of getting life insurance salesmen and handling them is the same, of course, as getting and handling any other salesmen, and it all comes under the heading of employment, training and supervision.

I never claimed to be an expert on sizing up men and never claimed to be successful in hiring a majority of men who would succeed. There are, of course, certain ways you can size men up in interviews. I believe that every man's character is reflected in his face, particularly in his eyes, and I think that we want to judge men largely by the way they talk, by the way they act, by the way they look at us, their willingness to listen as well as to talk, and all that sort of thing. I always make it a point never to employ unsuccessful men if I can help it, because if men have been unsuccessful in other businesses I see no reason to believe they will succeed in my business. I never employed unsuccessful men and expected them to succeed for the same reason that I never broke an egg at one end and found it bad and then broke it at the other end and found it good. I usually found it pretty much the same all the way through.

I never relied much on letters of recommendation, because I have found that the man who has the greatest number of letters, needs the most. I don't believe in an

application blank so long that it wants the history of a man's life from the time of his birth to the date of application. There is certain information we do want, about a man's past history, and I have found it of great value to find out what he has been doing and to find out just how he has spent his time since he left school or college, and I have found it of advantage to find out why he left different places of employment. I have found that one of the best things an employer can do is to write to the local banks in the town in which the man lives, and particularly if it is a small town. As a rule they can come pretty nearly telling you how the man stands at home, and while it doesn't always necessarily follow that his character and habits are all right because he stands well at home, yet as a general proposition it is true.

I never believed in advertising for a great number of men, because I have found that good men don't go where men are wanted in droves. If I needed ten salesmen, I would only advertise for one or two, because you will probably get many times ten applications and you can easily select ten men from the number who apply, but if you go out and advertise that you want ten men, or twenty-five men, it doesn't look like a very stable proposition.

I never believed in advertising for men under a fictitious name or to ask them to reply to ABC, care of Herald office, or anything of that kind. I believe if your business is decent and the employment respectable that you ought to sign your own name to the advertisements for men, because good men are attracted largely by the character and standing of the concern who wants to employ the men. So much for the employment of men.

Importance of Training

Next to employing good men is the importance of training these men. I believe many a man who failed

would have succeeded if he had had the proper training. I can conceive of no business where training would be quite as valuable as it would be in the life insurance business. You can teach your salesmen so much about the business that it will put them six months or a year ahead of where they would be if they depended upon their own ability to pick up this knowledge from their daily experiences. I have always been impressed with the insurance man who knew his business and who didn't have to go to the main office to be able to answer a question put to him. Proper training will equip him to meet nearly all objections.

Now, after men are employed and properly trained, they need supervision. That is where the skill of the manager shows itself. It is his ability to deal with different temperaments and handle each one successfully. In that connection I have found that words of praise are just as necessary as words of censure or criticism. It is the duty of the manager to know when to apply either one. I always believed in publicity of salesmen's work, because men will often work for honor where they won't work for money. They like to stand at the head of the list and they will work harder to have their names printed at the top, or near the top, merely because it is printed and sent out, than for any other reason.

I believe in offering prizes for good work when the business is of such character as justifies it.

After all, the question of success or failure as a salesman in the life insurance business depends on the personal equation, just as in anything else, and there are certain well-defined qualities that make for success in any business. I have given considerable thought to these qualities and I believe that the principal qualities necessary to success on the part of any man in business, regardless of his vocation, are about as follows:

Health,	Tact,
Honesty,	Sincerity,
Ability,	Industry,
Initiative,	Open-mindedness,
Knowledge of the business,	Enthusiasm.

Health

Now, when I say he should have health, I do not mean that you want to go to the extreme of interfering with a man's private life and telling him what he should eat and drink, or anything of that kind, but I believe that in the selection of men the question of health should enter largely, because in my own experience I have always found that a healthy mind is better nourished in a healthy body than otherwise. The man who has health of the body is more likely to have a healthy mind than the one who hasn't bodily health.

Into this question of a salesman's health enter the things he shouldn't do. There is hardly a salesman in the country to-day that isn't doing something that is injuring his health. The greatest thing that bothers us all is our habits. I refer particularly to the subject of eating, drinking and smoking too much.

A salesman's mind should be on the *qui vive* all the time. Just like a race horse, he should be ready to go when the bell sounds. Now, every man knows he is better off if he doesn't drink at all. I don't think that drinking ever benefited any man, and the same thing applies to smoking, but there are some of us who can do these things temperately and are not much harmed by it. But if a man wants to take a drink or two, he should not do it in the daytime. A business man particularly should not take a drink until after six o'clock in the evening. We see very much less drinking in the daytime now than ten years ago, and I am very glad of it, because as business men we have no right to do anything in the middle

of the business day which will in any way interfere with our efficiency for our afternoon's work. I know of nothing that will so unfit a man for business as a drink or two in the middle of the afternoon; he will be lazy and heavy and unfit for work.

Salesmen, above all others, if they feel they must drink, should not do so until after six o'clock at night. The man who will stick to this rule will have more dollars in the bank at the end of the year than the man who does not. I speak from experience, like the man who said: "It pays to be honest, and I know because I have tried both ways."

Honesty

In speaking of honesty, I don't refer to it in the crude sense, because a man is nothing short of a fool nowadays who is not honest in what he does. But honesty is more than just what a man does. Honesty means what a man thinks as well as what he does. After all, there is only one man in the world who knows whether a man is honest, and that is himself. Our wives think we are honest, and whether we are or not, it is a good thing to keep them thinking that way, but they could not prove it to save their souls. Whether you are honest or not is something that only you in the depths of your heart can tell. But I give it as good sense and business logic that honesty in all things must be the rule of all men if they are going to succeed. For us it may be a good thing that some men are dishonest, because if they had honesty, coupled with their natural ability, you and I might not have much of a chance.

Ability

In regard to ability, I have found in my limited experience that most men have two arms, two legs, two eyes, two ears, a nose and a mouth, and considering their height, they weigh about the same. Now what makes the

difference between one man and another? Nothing but brain power. That's all. One man has developed his brain further than the other. If all men were created equal in brain power, they would not remain that way. You remember the parable of the talents? Some of us are so afraid that what we have will get away from us that we wrap it up in a napkin and keep it and we have that talent always, but never add to it.

Initiative

It has been my experience that there are but three kinds of men in the world—first, the kind you have to tell three or four times. The second is the kind you have to tell once to do a thing and you can bet your life it will be done. The third is that great business-producing, creative lot of men who don't have to be told at all. They have Initiative. They know what to do and they go ahead and do it. Dewey had initiative when he cut the cable at Manila, because he was on the ground and knew better what to do than the men at Washington did.

What we call skill in a surgeon is initiative in a business man. If a surgeon had you on the table and had operated for appendicitis and found that he had made a mistake and some other condition existed, he hasn't time to go and take a book from the shelf and say, "I will read up on this subject." No, he has to go ahead and finish the job, whether it is your finish or his finish. They call that skill in a surgeon, but it is initiative in a business man, because he must face critical situations, he must face untried problems and must solve them for himself. He must do something.

I am more thankful every day that I live in a country where men have equal chances, where poverty is no barrier to progress, but in many, many cases is a positive help, because it is only by learning to overcome the obstacles of our youth that we are taught to do things,

know things, to understand the value of a dollar, to overcome our troubles and to solve the knotty problems that confront every business man.

Knowledge of the Business

On the question of knowledge of business: I have always noticed that the lawyer who reads the most law books and keeps up to date on law, is, as a rule, the best lawyer. The insurance salesman who can tell you off-hand how much insurance should cost at your age always makes a favorable impression. Similarly, the hardware salesman. I know that the statement "Salesmanship is a profession" is worn threadbare, but it is true nevertheless. A man ought to have all the knowledge of his business that he can possibly obtain, keeping in mind the old saying that "Knowledge is power."

I remember once being in Germany at a salesman's convention, and there was one man there who had been banner agent for three years in succession. In awarding him the prize at the convention I asked him to tell the other agents why he had led all the rest for three years. He could not have answered better if he had talked a day, and yet he answered in practically one sentence, when he said: "I defy anyone in all Germany to ask me a question about my business that I cannot answer." That was the great secret to his success.

Tact

Tact, the next quality, is that rare trait which enables a man to know how to deal with his fellow men. Tact is something it is pretty hard to give a man. He must cultivate it himself. Some people mistake tact for "jolly." A man who can jolly another man into something isn't always tactful; he is merely a flatterer. He has done the most expedient thing at the time, perhaps, but he probably hasn't been honest with his subject. So don't mis-

take the thing. It is pretty hard to describe it, but we all know that tact is a great quality to possess.

Sincerity

Sincerity is that rare quality which not only makes friends, but holds them. One can tell from the way men talk whether they are sincere or not. Men are affected by everything one may say or do. Throwing thoughts at a man is nothing more nor less than throwing something tangible at him. Now, I claim it is impossible to throw insincere thoughts at a man and have him catch sincere thoughts. It is just as impossible to do this as it is impossible for me to throw a hammer at a man and have him catch a monkey-wrench; if he catches anything he will catch the hammer, and I say that men are unconsciously affected by the sincerity or insincerity of the man they are dealing with; so I believe in being sincere in all things. Insincerity has taken a few orders, but insincerity never held a job long.

I admire a sincere man. I hate a jollier. It is our friend who criticises us and our enemy who flatters us. Our friend is sincere, wants us to improve, and tells us where we are wrong. But the man who tells us that we are the best fellows on earth when we are wrong, isn't our friend, because he is encouraging us to continue to do things that aren't right. Therefore accept criticism because it is good for us and makes for growth.

Industry

As regards industry, I think the man who coined that sentence, "Always on the job," did a good day's work, because industry is a great thing. Keep busy. Keep your clerks busy. Teach them to do their work right.

Open-mindedness

Open-mindedness is the willingness to take suggestions. The man who knows it all is standing on a banana-

peel placed there by the fool-killer who is waiting just around the corner. The man who is not open-minded will get into a rut, and, after all, the only difference between a rut and a grave is the width and depth. We should all be willing to receive suggestions. The day is long past when salesmen used to resent suggestions. Most salesmen accept them nowadays. I have heard of cases where men have made suggestions to a superintendent or a manager and he has told them that that was his business and has gone so far as to "fire" them for interference. The man who is doing the work every day is the man who is best of all able to tell us how to improve it. I would just as soon be stopped by a janitor as by a general manager, because the chances are ten to one that the janitor knows more about the things he wants to tell me than the general manager does. So I say if we are to progress we should solicit and gladly receive suggestions.

Enthusiasm

As to enthusiasm, a man might have honesty, health, ability, initiative, knowledge of the business, tact, sincerity, industry and open-mindedness but without enthusiasm he would only be a statue. Enthusiasm is the white heat that fuses all of these qualities into one effective mass. To illustrate enthusiasm: I can take a sapphire and a piece of plain blue glass, and I can rub the plain glass until it has a surface as smooth as the sapphire, but when I put the two together and look down at them, I find that the sapphire has a thousand little lights glittering out of it that you cannot get out of the blue glass if you rub it a thousand years. What those lights are to the sapphire, enthusiasm is to the man.

I love to see enthusiasm. A man should be enthusiastic about that in which he is interested. I like to go to a ball game and hear a man "root" for the home team, and it

never bothers me a bit, because I know that that man has enthusiasm. He has interest. I would not give two cents for a man who works for money alone. The man who doesn't get some comfort and enthusiasm out of his daily work is in a bad way. Some men are almost irresistible—we know that—it is because enthusiasm radiates from their expression, beams from their eyes and it is evident in their actions. Enthusiasm is that thing which makes a man boil over for his business, for his family, or for anything his heart is in. So I say, enthusiasm is one of the great things a man can have.

Faults

I believe that some of the faults of insurance men I have met are as follows:

(1) They are entirely too technical. They will talk about things they understand but that the prospect knows nothing about, such as endowment, tontine, old line, straight life, etc.

(2) They are over-persistent. Some do bore busy business men because they don't know when to make the approach or to leave the prospect.

(3) There is too much "knocking" among life insurance men. "Knocking" never pays. A knocker, properly described, is a thing that hangs outside a door. It doesn't pay to "knock" a competitor. If you are asked about some other insurance man's proposition, say something favorable about it and then show the advantages of your own policies.

(4) Over-selling. Trying to sell a man more insurance than he can properly carry, which often results in great harm to the insurance business.

(5) Some salesmen don't give the other fellow a chance to talk at all. Many men will themselves sell to themselves if not talked out of it.

(6) Too many propositions and options, which are confusing.

Now, I have outlined briefly some of my theories and experiences with men. Now those of us who handle other men should bear in mind that it doesn't make so much difference what we do ourselves as what we get done. The most important thing is to organize ourselves—make ourselves do the important work. We succeed only in proportion as we get the best work from other people. So I say let's not drive tacks with a sledge hammer. Let the people who are carrying tack hammers do tack-hammer work. If you are carrying a sledge hammer, do heavy work. Do only the most important things in your business. Leave the details to other people.

One of the things that must be looked out for in salesmen is to keep them from getting into a rut, because they are doing the same work all the time and they are liable to lose their freshness and enthusiasm.

I believe that the methods of doing business have changed wonderfully in the last five years, and I am very thankful that I am able to live at a time when decency in business is not only the right thing, but the popular thing. There never was a time when our code of ethics in business was as high as it is at the present time, and we want to see that it remains so. It doesn't make any difference who is responsible for these new ideas about proper methods of doing business, and it doesn't make any difference how much censure has been heaped upon certain of these men in the past, the fact remains that business generally is better off with the house-cleaning of the last few years; that business men have a better understanding of what are legitimate business methods, and I say that it is a mighty good thing that we have had this cleaning and understanding of what is right and wrong in the insurance business, as well as in all other businesses.

CHAPTER LXXX

ADVERTISING

BY NATHANIEL C. FOWLER, JR.

INSURANCE of every standard class and kind is a definite commodity and social necessity, as much so as any of the other things used by humankind with the exception of a very few articles essential to the sustenance of human life and to common comfort and health.

The insurance company, in its management, is primarily responsible for what may be called the "uncommodity" position which insurance used to occupy and which it does today maintain to some extent.

The announcements, the alleged argumentative literature, and the printed presentation of policies given out by most companies, including many modern ones, unintentionally do much to convince the public that insurance is a sort of intangible something, a luxury perhaps, a condition rather than a reality, a peculiar substance more or less imaginary, which should not, and would not, be taken by the public unless hypodermically or otherwise forced into its unwillingness.

Practically every life and casualty insurance policy, and a proportion of all fire insurance policies, are written only after the pressure of solicitation, often the most severe and drastic, frequently bordering upon coercion and the exercise of mental pugilism.

It has been said, satirically but with much truth, that the selling of life insurance over the counter and without solicitation occurs so seldom, and is so great an innovation and exception, that the writer of the policy does not often recover from his surprise without the help of a doctor.

This condition, which to a lesser extent than formerly,

still exists, will continue in its present modified form, until the insurance companies nearly unanimously adopt the selling and advertising principles, which for a generation have been successfully used by the makers and distributors of the great international commodities and necessities.

It has often been said that, with the exception of railroad advertising, the present forms of insurance publicity are farther away from fact, sense, and pulling-power than are the advertisements of any other class of business.

If insurance is a commodity and practically a necessity, is there any good reason, or even any fair reason, why insurance advertising, as it runs, should be so technical, so dry, so unargumentative, so statistical, so completely uninteresting, and so tremendously different from the forms of publicity used by the advertisers of every other kind and grade of commodity, necessity, and luxury?

If insurance is not a commodity, if it is not a necessity to the majority of people, if it has no real intrinsic value, then it has a right to have an advertising form of its own, and need not adopt the methods profitably used by the advertisers of real commodities. But if it is a commodity, and I know that it is, then it should adopt the methods which have so materially developed and increased the output of the other great industries.

Not for argument's sake, but because it is a fact, I shall treat insurance as a commodity.

The talking, or advertising, points of fire insurance are primarily as follows:

First, the strength, reliability, and paying promptness of the company itself.

Secondly, the necessity of carrying adequate fire insurance as a protection against loss which is more than possible, whether or not it be probable—a loss which very few people can afford to sustain, and to remain unpro-

ted from which is criminally wrong from a business standpoint.

Thirdly, the small cost of fire insurance compared with the protection given.

Fourthly, a special appeal to those who have little to insure, or who, through carelessness or because they do not realise the value of insurance, do not take out a policy. Comparatively few people, except level-headed business men, carry either adequate fire insurance or insure all of their property. Hundreds of thousands of occupants of flats, hotels and boarding houses, are entirely uninsured; most of these are financially unable to stand a fire loss, and yet are able to bear the cost of insurance.

Even today, when fire insurance is more common than it was at any other time, there is profitable opportunity for a vast amount of educational work which may materially increase the number of policies written.

I believe that a campaign of educational advertising, both direct and indirect, in the advertising columns and among the reading matter of newspapers and other periodicals, on the necessity of fire insurance on everything valuable and insurable, with the almost nominal cost compared with the protection given, would double the amount of business carried by the reliable companies.

I do not think that the average insurance man realises that there is more available uninsured property than there is property insured, of course eliminating the large blocks of property and the holdings of capitalists.

Practically every commodity, from breakfast foods to pianos, has expended from 10 to 50 per cent. of its advertising appropriation along what are known as educational lines. That is to say, a part of the advertising money has not only advertised the particular article and the company making it, but has done much to prove to the people at large that the kind of article to which the

advertising belongs is worthy of public appreciation and use. In other words, each advertiser, while looking out for himself, has, for the benefit of himself and without loss to himself, contributed toward the business which he is in as a whole, and has been of direct benefit to the public, if he made an article worthy of their consideration.

The insurance company, in this respect, has occupied the extreme rear, I might say the wake of the rear, in advertising and in progress.

This lack of co-operation in advertising, and in educational advertising, is practically responsible for the position occupied today by fire insurance companies, which, although successful in the main, are doing less than half the business which would be done if they had the courage and the progressiveness so evident on the part of the makers of other commodities.

The unprogressive, the stand-pat, or the looking-backward business man, whether he be in insurance or out of it, invariably excuses himself with the common plea that, because everybody knows, or should know, about the goods he sells, it is not necessary to further enlighten them to do what it is for their interest to do. If this sand-thrower happens to be in the fire insurance business, instead of washing out his eyes he only rubs them, and does not give himself the opportunity to see that comparatively few people do anything, buy anything, or go anywhere, except from necessity, unless they are told to do, buy, or go.

Take the breakfast food industry for example. Even the student can remember when only about one family in fifty habitually devoured any grain product for breakfast; and then they purchased their oat or Indian meal in bulk, half cooked it or cooked it too much, and drank it rather than masticated it. Now one little city in the Middle West supports nearly half a hundred cereal

makers, and the manufacturers of breakfast foods are either the largest or the next to largest advertisers.

Practically everybody eats some kind of a cereal for breakfast.

All of these people knew about at least two cereals before breakfast-food advertising became epidemic, and most of them were aware of the nutritive value of oat-meal, corn meal, and other grains. Yet the consumption of vegetable foods at breakfast is probably fifty times greater today than it was twenty-five years ago.

This condition, which is partly responsible for better health, is due largely to the intelligently written, reasonably truthful, and extensive advertising put out by the breakfast-food makers. They did not assume, as many insurance men have, that because people knew a thing existed, or should have known it, they would buy it and use it. They simply told both the people who knew, and the people who did not know, that they had a good thing, a food necessity, and the people bought it.

The principal reason why people who have uninsured property do not insure is because very little effort is made on the part of the fire insurance companies to present fire insurance as a commodity, a necessary protection, a something which is worth while.

I would recommend that the reliable fire insurance companies get together and appropriate large sums to be used for the presentation of the intrinsic value of fire insurance, the money to be raised *pro rata* on amount of business done.

Of course many of the smaller companies, and even some of the larger ones may refuse to contribute, in which case it is obvious that the contributing companies will, at their own expense, help the non-contributing companies. But what of that? The reliable and large companies are in the majority and will do the bulk of the business. No industry ever succeeded if more than half of those con-

nected with it were too parsimonious, too non-progressive to cast their specific bread upon the general business waters without requiring nature to guarantee that every piece should be cast up on their own beaches.

Any method, educational or otherwise, that may be profitably applied to the selling or advertising of fire insurance, can presumably be used to the same advantage for the exploitation of life insurance.

But the distribution of life insurance may require more strenuous work, and rather more heroic treatment, than are necessary for presenting the virtues of fire insurance.

While it would appear to the reasonable person, to the economist, and to those who are freighted with some common sense, that the protection of human life, or, rather, the making of a provision for the support of human life, is as necessary as is that given to tangible and inflammable property, fully half of the people, taking them as they run, have not gone on record as looking upon life insurance as either necessary or advisable, and not a half of those people who ought to be insured are insured.

The value of advertising is largely built upon the assumption that people will not do what they ought to do and want to do until they are told, or otherwise made, to do it; that the people at large, of both sexes and every age, do not buy, and will not buy, even some of the necessities until the men selling them present them by the printed page, or vocally proclaim the virtues of their wares.

Any wholesale house employing salesmen will assert that from 75 to 85 per cent. of its business would not come to it if it were not for the salesmen and advertising and the other methods used for the drumming up of trade. These selling methods have been, as a rule, intelligently carried out. They have been both direct and indirect, both specific and general, and permeated with educational matter and selling argument.

The life insurance company has presented, generally, its wares as though it were ashamed of them, as though it expected the public to discount every statement, as though it considered its own insurance policy in no way allied to a commodity.

Most of the advertisements have been confined to annual or other financial statements, to the presentation of medleys, conglomerations, and masses of figures, with large space used to the right of the decimal, as much given to impress the reader with the statement that the total assets included seventy-five hundredths of a dollar, as the more important fact that there were seventy-five millions of dollars in addition involved.

Assets and liabilities were shown side by side, and they always balanced; and they were so arranged that no one but an auditor knew what they stood for. They were unimpressive, misleading, and in many cases represented the top-notch of advertising inefficiency.

One of the most successful managers of life insurance solicitors, connected with one of the largest companies in the world, told me that he did not understand a single leaflet, or a single advertisement, or any of the printed statements sent out by his company to the public. His success indicated that he was more intelligent than the average solicitor under him. That being the case, it may be assumed that none of the solicitors understood the literature sent out; and if none of them did, is it reasonable to suppose that any of the customers were likely to get an intelligent idea of the value of life insurance from the maps of mystery intended to be used for the steering of their money?

One reason why life insurance is so hard to get is because many life insurance companies have, intentionally or unintentionally, exaggerated the value of the insurance policy, and have misrepresented to such an ex-

tent that the public has lost confidence even in the presence of truth.

As a matter of fact, life insurance needs no defense. It is a commodity, a necessary protection.

There are comparatively few people shouldering any responsibility whatever, who should not carry life insurance as a duty.

The truth about life insurance will sell life insurance.

When life insurance is presented, advertised and sold as a commodity, as a necessity, there will be three times as many policies written every year as were written this year.

A much larger proportion of the public is available for life insurance than for fire insurance or any other form of insurance. Therefore, comparatively little of the good advertising of life insurance would be wasted.

What I have said about the educational advertising of fire insurance would apply even more strongly to life insurance.

The great life insurance companies should get together even more than the fire insurance companies, and establish an educational fund for the telling of the truth about life insurance irrespective of any one company. Also, each company by itself should do educational advertising.

There is absolutely no reason why life insurance should not be advertised along the lines successfully followed by those who handle food and other commodities.

There is no reason why life insurance should not be sold as merchandise is sold.

There is no reason why so much solicitation should be required for the writing of a life insurance policy—more solicitation than is given to the disposal of anything else.

Life insurance should be placed upon a commodity plane, should be presented for what it actually is, neither more nor less. The truth about it should be told, and only the truth.

As a matter of fact, there is no excuse for lying about the value of life insurance, and the misrepresentation made by so many companies, the deliberate lies told by solicitors, have done more to keep life insurance out of the commodity class than has anything else.

The insurance manager has made the mistake of considering insurance either as not a commodity, or, if a commodity, a something which must be handled differently from other commodities.

As a matter of fact, there is mighty little difference, so far as selling and presentation are concerned, between a branded ham, a grand piano and a reliable insurance policy. While the method of manufacture is different, the counting-room of the packer does not differ materially in appearance from that of the piano maker or the insurance company. All of them keep books in the same general way, and the principles of selling and business-doing are practically the same.

Life insurance, then, is a commodity as much as is anything save the few things necessary to the sustenance of human life.

It is high time that the insurance manager realized this condition, and advertised his insurance policy along the lines successfully used by those who sell other—mark, I emphasize the word “other”—goods which are necessary to the family and society.

The insurance man, whether he deal in life, or fire, or casualty insurance, should present his policy as a pure and simple commodity. He should describe it as other advertisers describe the virtues of their cotton cloth, their automobiles, their furniture, or the quality of their paint.

The reliability and solidity of the company counts, and cannot very well be over-emphasized. Present financial details or decimals in only those advertisements required by statute. In your other advertising simply give facts

which will prove to the common mind that the company can make good.

The continuous statement of the amount of business written, while of value, can be overdone. It is far better to say that the company has so many dollars worth of actual assets, and to give the public an idea of what these assets consist, than to continuously harp upon the number of policies written.

Statements of promptness of payment are good advertising, provided they are not overused.

But the two important things are: to present life insurance as a commodity and necessity; and to give the financial reliability of the company writing the policy, with an avoidance of technical terms, mazy figures, non-understandable tables, and entire absence of the usual hodge-podge which accompanies much of insurance advertising and makes it compare unfavorably with the forms of publicity used by the advertisers of practically every other leading commodity.

It is time for the insurance advertiser to get down to bed-rock bottom, to use the methods which have been so successful with other advertisers and marketers of necessities.

I am not condemning the reasonable use of the old-fashioned blotter, the financial statement, the conventional calendar, or the leaflets and pamphlets, for all of them may be used to advantage. But I suggest that the insurance company, as a dealer in a commodity, get out into the great open as other advertisers do, and use the methods and mediums which the majority of advertisers have proved to be most effective, most profitable, and most economical.

While practically all of the advertising mediums have some value, and while it is obvious that at times second-rate mediums can be used to special advantage, sound business common sense and economy suggest that the

bulk of the advertising appropriation should go into those mediums which have been proved to be most effective and most economical, giving the maximum result for the money expended.

It is a fact, and less than 5 per cent. of advertisers dare to question it, that the good newspaper and periodical are the best advertising mediums for everything saleable, and especially for commodities like insurance. The newspaper or periodical is a natural, logical medium for advertising. Advertising belongs in it, psychologically as well as practically. It is permanently the standard medium for advertising. It is so accepted by the public. I believe that a column or a half-column in a good newspaper or a magazine is worth to the insurance company twice as much per copy printed as is the leaflet or pamphlet sent through the mail. Advertising forced upon the reader is worth from 25 to 75 per cent. less than is advertising which is presented to him in what he considers a legitimate way.

The reader does not object to the advertising in a newspaper or periodical. He does object to receiving advertising matter unless he asks for it. He has to make little or no effort to see an advertisement in a newspaper or magazine. He has to make a special effort to read printed matter sent to him.

I would not, however, recommend the doing away with printed matter, with leaflets and pamphlets, because all of them have a distinct value. But I would suggest that every effort possible be made to avoid distributing them promiscuously, and that every effort be made to get people to send for them.

Good newspaper and periodical advertising will naturally make people send for further information. One pamphlet sent for is worth a dozen sent out unasked for. The newspaper and magazine advertisement not only presents the goods, but it encourages the reader to get

more information. So long as the overwhelming majority of the best advertisers place considerably more than half of their advertising appropriation in the newspapers and magazines, the insurance company cannot offer any excuse for ignoring this class of advertising as it has.

I will not especially discuss the advertising of accident, casualty, and liability insurance, not because my space is limited, but because what I have said about fire and life insurance applies to all other forms of insurance.

Practically all insurance is sold by, or passes through, a local agency or branch house of the insurance company, which usually employs from one to several hundred solicitors or so-called insurance agents; and the largest part of all life insurance is written as a result of personal solicitation on the part of the branch office manager, the proprietor of the agency, or the solicitors employed.

The larger branch houses and agencies are frequently local advertisers, the expense of advertising being borne wholly or partly by them. They use the newspapers, and distribute the printed matter furnished by the insurance company, and frequently issue circulars or leaflets of their own, and at their own expense.

Most of this advertising is of the same sort used by the companies themselves, is technical and mysterious, and does not follow the forms so successfully used by the sellers of other commodities.

Nor is insurance, as a rule, obtained by the solicitation methods commonly employed for the distribution of other necessities. The insurance man usually runs on his own special track, and does not follow the main route of selling or advertising. For this reason double, and sometimes triple, solicitation and pressure are necessary for the writing of a policy, as for the purchase of a piano.

Because insurance is a commodity there is no reason why the local manager or solicitor should not confine his advertising and methods to those which are used by the

salesmen of other goods. There should be no perceptible difference between the methods of selling and presentation of the insurance policy and those of any other commodity, like shoes and sewing machines.

The local man should realize that he has for sale as tangible a piece of property as is a barrel of flour or a can of condensed milk. When he realizes this, and acts accordingly, he will get more business with less pressure, or much more business with the same pressure. Let him study, not only the advertisements of insurance, but the advertisements of every commodity; and let him not confine his advertising or his methods to those necessarily used by the insurance companies, but rather, study advertising as a whole, and every form of advertisement, simply adapting them to his local conditions, the same as do the advertiser and seller of everything worth having.

Further, he should present insurance not as insurance merely, but as a legitimate, necessary commodity, selling it as the salesman sells clothing or furniture. He should avoid extravagant statements, and stick to the truth, bring it to the attention of the buyer just as he would present his wares if he were selling crockery or clothing. So far as possible he should avoid that too obvious appearance of overpressure, which is sure to create suspicion and to lower the value of insurance, rather than place it upon its proper basis.

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CHAPTER LXXXI
CORRESPONDENCE
BY KENDALL BANNING

A BUSINESS letter is the representative of the individual or company from which it comes. To some extent it reflects the "quality," the taste, the business ability and occasionally even the resources of the writer. Accordingly the garb in which a written communication comes assumes almost as much importance as does the dress and general outward appearance of an individual, as it furnishes one of the few external evidences of the worth and standing of the man himself or the company which he represents.

The fact that a thoroughly substantial company may extend an eminently good business proposition on a sheet of cheap stationery with a tawdry letterhead design, poorly printed and improperly typewritten, does not alter the fact that the average man makes his estimates quickly and has been trained by experience to expect certain standards, and any departures therefrom have an unconscious, but none the less direct bearing upon his judgment. A letter whose outward mechanical features are cheap or in bad taste must meet the same handicap as must the individual whose outward appearance is uncouth. Any business letter that violates the principles that experience and custom have prescribed, must run the unnecessary risk of misrepresenting the office from which it is issued and of losing much of its force for that reason.

The first step in the preparation of business stationery is the selection of the paper itself, usually designated as the "stock."

This stock ranges in price from five or six cents a

pound for the lower grades of wood pulp paper up to about fifty cents a pound for the heavy vellum, bond and linen papers. These prices mount even higher for the hand-made stock that is practical only for business men who represent special interests or whose correspondence is limited. For ordinary business use, bond paper that costs from twelve to eighteen cents a pound is adequate, while really high grade linen and bond may be bought from twenty to twenty-five cents a pound. Paper for inter-house or inter-departmental correspondence or for form letters that are issued in such large quantities as to make the cost a consideration, may properly be of the less expensive grades—although the effectiveness of a form letter campaign is enhanced by the use of good substantial stock that creates an impression of worth. Indeed, so important do many insurance houses consider the quality of the paper itself that all correspondence from the executive heads is written on a rich, heavy bond that gives a sense of strength and security that reflects the character of the institution from which it comes. Cheap paper has so long been one of the earmarks of small and cheap concerns that the average business man subconsciously questions the standing of an office from which such stationery is issued.

The color of business stationery largely depends upon the whim of the user. White is the standard although various light cream and blue tints are extensively used. Occasionally an insurance company will adopt a “company or department color” and use a distinctive blue, yellow or other tone in all its stationery, which in time acquires an advertising value. Occasionally, also, a special tint of ink and typewriter ribbon that harmonizes with the stock is employed. Such variations from the standard forms, however, are of questionable wisdom; the average man accepts a business letter as representative of the firm, and any departures from the ap-

proved and conventional styles involve the risk of incurring his mistrust. What the insurance man thinks about his stationery is not so important as what his prospective customer thinks about it.

In any event, an approved style of correspondence paper should be employed consistently in all of the agencies and departments of an insurance house. It is only the representative who conducts his office independently who may properly adopt a letter sheet that is designed to meet merely his own personal requirements and tastes.

One very prominent insurance company has adopted five standard grades of letter sheets for its regular use. The first grade is engraved upon a thin bond paper of the best quality and is used only by the president of the company when he writes in his official capacity. The second grade is designed for the use of all other officers of the company, including the managers and heads of departments, when they write official letters to persons outside of the firm in the regular routine of their work; this paper is a good quality of linen with an engraved letterhead. The third grade of stationery is a less expensive form of the second grade and is used by the managers and department heads when writing to representatives of the company; a cheaper quality of paper is used and the letterhead is lithographed instead of engraved. The fourth grade consists of bond paper for use in semi-official correspondence, and the fifth grade of paper—an expensive linen, slightly tinted—is intended for personal letters of a social nature. In each instance the stationery conforms in size, quality and form to the best business and social usages, and the costs are proportionate to the importance of the end which the correspondence is designed to serve.

In the matter of size, custom allows but few variations. The proportions of letter paper have been largely deter-

mined by the size of the sheets in which the stock is manufactured. Some of the expensive hand made papers are manufactured with deckled edges on all four sides, in sheets approximately eight by eleven inches in size. Customarily the paper is manufactured in sizes that permit eight, twelve, sixteen or more letter sheets to be "cut out," dependent upon the kind and grade. If the paper must be trimmed to conform in proportion and size to prescribed forms or to fit envelopes in stock, an amount of "waste" may be necessitated in the trim. The standard letter sheet, however, ranges from eight to nine inches in width and from ten to twelve inches in height, and envelopes are made in standard sizes that contain sheets of those dimensions when folded in the usual manner, so for purposes of convenience, it is advisable to observe these proportions. In all cases the folded letter sheet should fit the envelopes and should match both in the quality and in tint. Letter sheets that must be folded in unusual ways, that must be jammed into envelopes that are obviously too small or that are inserted in envelopes that are too large, give evidence of carelessness or indifference that does not tend to cultivate the confidence of the recipient.

In the selection of correspondence stock the point should be held clearly in mind that it is the purpose of stationery to carry written messages. Accordingly, only those grades should be chosen that readily hold ink. It should be entirely practical for either a typewriter or pen-written message; any stock that is too soft and porous or too rough to hold ink easily, or that is too stiff to fold without cracking, or that is so heavy in weight that the letter and envelope together with any necessary enclosures necessitates additional postage, should be avoided.

The second step in the preparation of correspondence paper is the letterhead.

The modern tendency in the design of a letterhead is

toward simplicity. The time has passed when the picture of the company's home office, lists of its numerous executive heads, its various branches and its cable codes are considered necessary or even desirable. Unless a picture of the home office has been extensively used as a trade mark or distinctive symbol of the company and has thus attained a certain value as an advertisement, custom as well as good taste is reducing the letterhead to its simplest terms.

Of foremost importance is the name of the company. This should appear in letters sufficiently prominent, either in size or location, to be apparent at a glance.

The address of the company is of next importance. This should be expressed clearly and concisely so as to avoid all possibility of misunderstanding. If the letter sheet is to be used by the home office, only one address is required; if it is to be used by a branch office or agency, however, this fact should be stated succinctly, so that it may serve as a guide to the correspondent who receives it, who will thus know where to address his replies. Many delays have been occasioned by an ambiguity in the arrangement of the numerous addresses of the company that resulted in mis-directed communications. Unless there should be special reasons for giving further details concerning the company or the kinds of insurance it writes, the letterhead should not be elaborated. A notation of the department from which it is issued is often required, as well as the name of the particular agent or agency. As a rule, however, the expense that was at one time wasted in intricate flourishes, exaggerated views of buildings and masses of more or less immaterial reading matter, is now more judiciously applied to the paper itself to give the stationery that touch of "quality" that is marked by a dignified simplicity and directness of method.

An independent agent may apply these same principles

to the preparation of his letterhead. His own name or the name of his concern, with the addition of an explanatory line that indicates the character of his business, would in that case take the place of the name of the insurance company, while the various companies which he represents may be indicated in smaller letters.

The methods of mechanically reproducing the letterhead designs are practically five in number. Each process is adapted for certain particular requirements, and vary widely in cost. A knowledge of these processes is essential before an order for letterheads should be placed.

The simplest process, and in the case of small orders, the cheapest, is the letterhead reproduced from simple type, set up and printed on a printing press such as may be found in any printing establishment. The letterhead printed from type, while in most cases the cheapest, is almost invariably the least satisfactory. In the first place, stationery printed by this method is branded as cheap. The same type may be and doubtless has been used on other letterheads printed by the same printer, and "set up" in much the same style. The supply of type in the average print shop is usually small and seldom well selected, while typography—the art of making type compositions—is practically unknown outside of art circles. Accordingly, type-printed letter sheets cannot be recommended except as a makeshift in time of emergency. The cost of "composition" for an ordinary heading varies from 50 cents to several dollars, dependent upon the character of the type design and the amount of work it entails. The costs of printing from this type-design range from a dollar a thousand impressions upward, the sum varying according to the quality of the inks used, the difficulty in handling the stock and upon local conditions in the printing circles. If two colors are used, the cost of press work is practically

doubled. When a second color is used, an orange-red is commended, as experience has shown that the black and orange combination have proved the most effective. Owing to the limitations of type, however, it is practically impossible to secure an individuality of design or that distinctiveness that a letterhead demands, and which may be attained from especially drawn designs.

Letterheads may be printed from pen-drawn designs in precisely the same manner and at the same costs for press work as from type designs. Only instead of being printed from type, they are printed from zinc plates, commonly known as "line cuts," (which are merely reverse metal reproductions of the original drawing) which are placed on the presses and impressions made from them in exactly the same manner as from type matter. Zinc cuts cost from 5 cents to 10 cents a square inch, with a minimum rate that is ordinarily equivalent to the cost of ten square inches, and may be ordered from any house that does commercial engraving.

In case a photograph, painting, wash drawing or other similar picture is to be used on the letterhead, it must be reproduced by a "half tone" cut. This costs from 12 to 20 cents a square inch for a plate that is "squared up." Vignetting or silhouetting (i. e., the cutting away of the background so that the principal object in the picture is thrown into relief) involves an additional charge, usually determined by the length of time that it takes the engraver to do the work at 75 cents an hour. Such plates can be printed only on enamel or other smooth-surfaced paper. The original drawings for the designs may be secured from the engraving house, although any artist who has had experience in drawing for reproduction may be employed.

Steel engravings and copper engravings, because of the higher costs of both the plates and printing, have not come into extensive use, although they give a tone of

richness and worth to a letter sheet that many offices, especially the offices of the heads of large companies, consider highly desirable. While these engravings would hardly be practical for use on a large list of circular letters, such stationery is often used on select lists and on correspondence with business men of standing to whom letterheads furnish one of the several means for estimating the quality of their correspondents. Engravings are ordinarily used for the reproduction of simple lettering. Copper plates cost at the rate of about ten cents a letter. Steel plates, which are more durable and adapted for larger runs, cost about 15 cents a letter, with additional charges for intricate designs that involve labor. Printing from engraved plates is a slow and painstaking process and costs from \$6 and upward for a thousand sheets. Engraved letterheads necessitate the use of engraved envelopes to match. These are usually printed from steel dies that cost about 10 cents a letter to cut and \$2.50 per 1,000 to print.

Lithographed letterheads are the least expensive and in some respects the most satisfactory of all; for orders exceeding 20,000 sheets. The biggest item of expense is the design itself, which must be drawn by a special method on stone and treated by a process that permits impressions to be made from it in practically unlimited numbers. The lithograph plate may cost as little as \$25 for a simple lettering in one color, and may cost several times that sum for more pretentious designs. Because of the smooth, uniform and permanent impressions on the paper that lithography gives, the process has come into general favor and is the most practical method of printing business stationery in large quantities.

The photogravure process of reproducing letterheads is perhaps the most costly of all. Photogravure work is especially adapted for the careful reproduction of pictures or ornate designs and unless the letterhead is pic-

torial, this method is hardly advisable. It is costly both in the plate making (a photogravure plate costs from 75 cents to \$1.25 a square inch, or at the rate of \$12 up to two or three times that amount for a letterhead plate) and in the printing, which costs approximately the same as printing from steel and copper plates—\$6 a 1,000 impressions and upward. While a photogravure plate makes a rich and beautiful impression, it is not practical for the reproduction of mere lettered designs such as an insurance office ordinarily uses. A new method of printing that has not yet been developed to the point that has brought it into general notice but which is peculiarly well fitted to produce photogravure-like impressions at a lower cost, for quantity work, than any printing methods, is known as the "off-set" process. The presses for handling this particular form of printing may be found only in the larger cities.

The "second sheets" should be exactly similar to the letterhead sheets with the exception of the printed matter, which is usually limited to a small reproduction of the company's name, located at the top, so as to identify the sheets in case they should become detached from the rest of the letter. The use of blank sheets is both better economy and better taste than the use of the regular letterhead for second sheets.

The envelopes should properly be printed by the same process as the letter sheet which it contains.

There are two reasons for printing upon the envelope. The first is to enable the post office to affix its official stamp "Return to sender" in case the address cannot be found because of removal, death, absence or because the envelope is improperly directed. The second reason is to notify the recipient from whom the communication comes. Both ends may be best served by placing the sender's name and address, simply and legibly, in the upper left corner of the front of the envelope, for it is

only the face of the envelope that ordinarily receives the attention of either the postal authorities or the addressee. Accordingly only one address should be printed on the envelope, and that the address to which the letter should be returned in case of non-delivery. Trade marks, pictures and other data should be eliminated if they tend to crowd the design or to confuse the essential wording. And to avoid delays and confusion in handling the mail the imprint should not be placed on the flap of the envelope, in corners or elsewhere merely for the purpose of eccentricity, and at the cost of the more practical considerations.

A business letter should be written only on one side of the page. Typewriting on both sides of a sheet, unless the paper is extraordinary heavy, makes an impression on the reverse, with the result that the letter becomes mussy and difficult to read. Furthermore, writing on only one side simplifies the making of either carbon copies or of letter-press copies—the two standard methods of making records of out-going correspondence.

Carbon copies should be filed alphabetically and according to the name of the addressee. Letter-press copies are ordinarily kept in separate books, each designated by its guide letter, in which the letters are necessarily recorded, chronologically in the order in which they are written. In both cases, each letter must be identified first by the name of the correspondent to whom it is addressed and second, by the date. For these reasons each outgoing communication should bear at the top of the sheet and in a fixed position, prescribed by the company, the name and address of the individual or company for whom it is intended, together with the date. Locating these two identifying items at the close of a letter, as is customary in social correspondence which is not intended for filing, merely involves trouble when refer-

ence is made to the records of either outgoing or incoming letters.

The name and address should be typewritten in the upper left corner of the sheet, at a prescribed distance below the letterhead and on the line that marks the left type margin. Each company may determine just what the sizes of its left margin should be, but it should be consistent in all of its correspondence and should not be varied at the whim of the various typewritists. Usually a space ranging from a half inch to an inch and a half is provided for the left margin of a typewritten letter, the exact size depending largely on the size of the sheet, the size of the type and on the length of the letter that the office ordinarily writes. A generous margin tends to "open up" the page and gives it a balance and legibility that is desirable.

Theoretically, the right margin of a typewritten letter should be equal to the left margin. Practically, however, the mechanism of the typewriter does not permit a sufficiently graduated spacing to typewrite lines of exactly equal length, even though the operator could afford the time and trouble to estimate the exact number of letters and spaces. For ordinary business correspondence, lines of approximately equal length serve the purpose, and the typewriting machines should be adjusted to warn the operator in time to avoid extending a line too far into the right margin.

The bottom margin should never be smaller than the side margin. In book making the bottom margins are the largest, and the eye has become so accustomed to this arrangement as to make any departure from this form disagreeably conspicuous. If the letter is so long as to bring the typewritten matter down into the lower margin, many companies instruct their typists to make the page a few lines short and continue the letter on the second page, even though it contain only two or three lines of the

regular text of the letter. Extending the text into the lower margin gives an impression of overcrowding and carelessness that detracts from the "tone" of the correspondence. If the letter is very short a "half sheet" should properly be used. This is merely a short sheet containing the same letterhead, but trimmed at the bottom in order that brief messages may not be lost on a large page.

Following the name and address of the correspondent in the upper left corner, comes the formal salutation.

"Dear Sir" or "Dear Madam" is the customary form of salutation when the letter is addressed to an individual who is not personally known to the writer. "Gentlemen" is the form usually prescribed when writing impersonally to a company that is made up of a group of individuals. "My dear Sir" is regarded by some as more formal than the simpler form, but the distinction is slight if it exists at all. Unless the correspondent is personally known to the writer or to the company, the salutation "Dear Mr. Smith" should be avoided, as any undue assumption of familiarity is apt to be resented by the average man. One company has established the rule that after the third letter has been sent to a customer or prospective customer who is not personally acquainted with the company, the formal salutation may be discarded and the correspondence be put upon a more cordial basis by the use of the personal salutation. The form "Dear Smith" should never be used except in personal correspondence. The terms "Dear Friend," "Dear Brother," "Respected Friend" are inexcusable except in purely personal correspondence between intimates. Such expressions of endearment to a stranger or to a man with whom the dealings are of merely a business nature are offensive, and tend to arouse his suspicions as well as to incur his resentment.

The amount of spacing between the typewritten lines

and between the paragraphs and the indentations of the first line of each paragraph are details that each company must establish according to its own taste, but the rulings should apply consistently to all the letters that the company issues.

For the sake of uniformity, both long and short letters should be spaced in the same manner, regardless of the amount of typewritten matter that appears on the sheet. Single spacing—the adjustment of the typewriter in such a way that only a single “ spacing ” separates one line from the other—is both economical of space and legible, as the eye is trained to this standard. For these reasons the single spacing is ordinarily prescribed in the business office.

Between paragraphs, double spacing is customarily preferred because such an arrangement not only breaks up the monotony of a solid page of text—which is so formidable as to invite the average reader to skip parts of it—but gives special emphasis to the paragraphs themselves. The first line of the paragraphs may be indented or may begin flush on the left margin. The former method is preferred, however, as it conforms to the custom in printing and throws the paragraphs into sharper relief. These indentations should be exactly equal, ranging from five to fifteen spaces or “ points ” on the typewriting machine. So necessary is a uniformity in this method of paragraphing regarded that typewriters are now manufactured with a special attachment on the keyboard that sets the machine to the prescribed paragraph point, thus economizing the time of the typist when writing the letter.

The conventional complimentary close of a business letter is the world famous “ Yours truly ” which may be employed until the relations between the writer and the addressee warrant a more friendly expression. “ Yours sincerely ” is a shade more friendly, while “ Yours cor-

dially " should properly be reserved for use only between close associates. " Yours respectfully " is prescribed in official correspondence, but is too servile for ordinary business use.

For convenience in identifying the individual who dictates the letter, as well as the stenographer who typewrites it, the majority of offices have adopted a simple code of private marks that are usually placed in the lower left corner of the type page, flush to the left margin and on a line with or slightly below the signature. One of the commonest methods of recording this information is by the use of the initials of the dictator in capital letters, followed by a dash and the initials of the stenographer, thus, if John A. Smith dictates a letter to Mary Jones, the stenographer, the fact would be indicated by the symbols " JAS-MJ." In large offices, stenographers who are designated by numbers, employ their distinguishing numerals instead of their initials. Occasionally the particular department from which the communication is issued is indicated by a symbol, but this is necessary only in the case of large offices which are divided into numerous departments and which maintain central filing departments, the clerks in which must be notified by these marks, under which department the copies are to be filed. Except in unusual instances, the letter should be signed personally by the writer. Rubber stamps and other facsimile signatures give evidence of haste or indifference that the average man resents. Furthermore, a mechanically imprinted signature has come to be one of the earmarks of a form letter that is issued in quantities, and a communication so marked is liable to be discounted accordingly. So also, a letter bearing the typewritten or rubber-stamped inscription " Dictated but not read " or " Signed in the absence of Mr. Smith " affronts the average correspondent, as it implies that the message is not of sufficient importance to warrant his personal at-

tention. Better that the stenographer attach in writing the name of the dictator, with her own initial below, than a resort to the rubber stamp—which relieves the writer of responsibility for the statements contained in the letter, inasmuch as it gives no evidence that he has read it.

Time-worn and hackneyed phrases that have persisted in business correspondence through sheer inertia until they have become so commonplace as to be almost meaningless, are happily giving way to more modern and natural forms of expressions that approximate conversation. Business men who talk over their affairs do not resort to the unusual speech that disfigures so many of their letters; they use terms in common use that convey their thoughts in more interesting expressions that are no less clear. Some of the commonplace phrases that have lost their force and may profitably be relegated to the scrap heap are given below:

Replying to your favor of the 10th instant

Would state

Acknowledging the receipt of yours of the 10th ult.

Enclosed herewith please find

Trusting that we may be favored with a reply

Assuring you of our interest

Awaiting your reply

Beg to acknowledge

Valued inquiry of recent date

As per your request

Under separate cover

The same

The aforesaid

The aforementioned

Referring to your esteemed favor

Hoping to hear from you

By even mail

None of these terms is used in conversation, and all of them are so stilted and artificial in style that they

have lost their significance. One does not "reply" to a letter unless it is argumentative; he "answers" it. If a paper is "enclosed" with the letter, it must necessarily be enclosed "herewith" which is accordingly superfluous. One does not need to "beg" to advise, acknowledge or inquire. One does not use the terms "the same" or "the aforesaid" in his speech; these were borrowed from the language of the law and have no place in ordinary business speech or correspondence. Indeed the dictionary of the business correspondent may well be pruned of many outworn terms that no longer serve his purpose and merely burden his letters with the commonplace.

Care must be shown in the consistent use of the pronouns in business correspondence. A letter signed with the typewritten name of the company even though initialled by the dictator, should not be written in the first person singular, with the recurrence of the "I." Conversely a letter written in the first person plural, with reference to "we," or in the third person singular, with references to "The Smith Insurance Company," could not consistently be signed by an individual unless his signature is written below the name of the company which he is representing. Whether the correspondence of a house be signed impersonally with the name of the company or by an individual is a matter that depends upon the policy of the company; either method is correct, and both are extensively observed.

CHAPTER LXXXII

OFFICE EFFICIENCY

BY MELVIL DEWEY

MAN goes from barbarism to civilization by learning to do things better, quicker, more easily or cheaply. Some laborsavers combine 2 or more of these factors. America leads the world in prosperity because of its practical sense in adopting standard sizes for machinery parts and other laborsaving methods and devices. Obviously by as much as services of high salaried men who work at desks are more valuable than those of mechanics, by so much are literary laborsavers worth more to the world than the highly prized machines of manufacture and commerce. Yet it was not till 1876 that this was practically recognized. Since then there has been marvelous development till now a device for saving money, time or labor in office, library or study is valued as highly as one for factory, shop or farm.

This article aims to be practical, not historical, and to call attention to a few less prominent things useful to those aiming to accomplish most intellectual labor with their time and strength. Space allows only dogmatic statements when convincing reasons could easily be given based on long tests and special studies begun in college and continued since without remission.

Hundreds of ingenious, practical laborsavers for technical uses will be brought to attention of those needing them by their promoters. Electric and other tabulating and computing machines illustrate immense savings made possible by such devices, which are as important to desk workers as sewing machines to seamstresses or improved tools to mechanics. If the principle is admitted

that time and labor should be saved for brain work as for hand work, it follows that the minutest saving is worth attention. Many factories make their entire profit by using an improved method or machine, or by utilizing waste in some by-product. In offices with many clerks, a method by which 4 motions do the thing formerly taking 5, saves a considerable aggregate in salaries each year. By asking all operators and patrons to omit the short word 'please' the Philadelphia telephone exchange effected the astonishing saving of 125 hours each day or the equivalent of more than 15 operators working 8 hours daily. Yet most people would think such a suggestion for a minute saving simply ridiculous.

Importance of Habits as Affecting Efficiency

The greatest literary laborsavers are good habits of work. While most personal habits are formed before 20 and professional habits before 30, during the plastic period, great changes can be made later in life by earnest effort. Habit is the formation of paths of least resistance through the nervous system. An act repeated tends to reproduce itself without conscious effort, just as we breathe. Wm James' Psychology (briefer course) says on p. 144:

'The great thing, then, in all education, is to *make our nervous system our ally insted of our enemy*. It is to fund and capitalize our acquisitions, and live at ease upon the interest of the fund. *For this we must make automatic and habitual, as early as possible, as many useful actions as we can*, and gard against the growing into ways that are likely to be disadvantageous to us, as we should gard against the plague. The more of the details of our daily life we can hand over to the effortless custody of automatism, the more our higher powers of mind will be set free for their own proper work.'

Slight improvements in working habits will redily add 10 per cent to efficiency or an hour a day or in a normal

working life of 50 years, 5 full years. The 3 tools most used are body, mind and language.

With the body, carefully cultivate the habit of making the fewest possible motions to accomplish any given end. In writing, this principle produces expert stenographers. In toilet, dressing, walking, desk and office work and the varied actions of life, most people make many false or useless physical motions.

The waste in mental work is much greater. Train the mind to work always with precision, strength, speed and continuity. To reduce a fort the cannon must hit it (precision); hit hard (strength); hit often (speed); and keep hitting till the work is done (continuity). The great tasks of life must be bombarded in this way by our mental batteries. Acquire the easy habit of resting by change of work instead of idleness. Besides your vocation have at least 1 avocation.

In language, spoken or written, use the fewest words that will clearly express your meaning and for these few choose the shortest of several equivalents; e. g. make a purchase = buy, purchasing agent = buyer. In writing save time, space and labor by using the shortest intelligible abbreviation and the most quickly made form of any letter or figure; e. g. dpt = dept.

Writing and Printing

Writing is easily greatest of human inventions. All nations recognize this in their traditions by attributing to it divine origin. Some 5000 years ago Egyptian priests evolved pictures of things into ideograms or pictures of abstract qualities and ideas, then pictures for sounds of words or syllables (where some Eastern languages still stop); and finally pictures for sounds of final elements or single letters.

The surfaces on which these were written were evolved from stone, horn, clay, metal, wood, wax, bamboo, and

birch bark, skins, and papyrus, till we reach that wonderful product, paper.

The first writing implement, of flint, was followed by the stylus, fine brush of hairs, split reed, quill, steel and gold dip pens, which in turn are now largely superseded by fountain pens and typewriters.

After inventing writing, the ancients devised abbreviation systems as labor-savers. Then came the faster forms of letters for cursive writing, small or 'lowercase.' Taking less space and being both written and read more quickly, they have already largely displaced capitals, with a growing tendency to displace them still farther.

The next step was a combination of greater abbreviation and greater simplifying of forms by stenography, revolutionized and systemized by Isaac Pitman. After writing, the greatest invention was printing, followed by telegraph, cable, and telephone, which, in universal use, suggest what the human mind has already done and possibilities of farther growth. The business phonograph or dictation machine will soon replace most stenographers by its cheaper, better and more convenient work.

Model Office or Study

Since a business man spends most of his waking hours in his office, it should be thoroughly sanitary. Unhygienic surroundings will ultimately impair health and efficiency and shorten life. Height above dusty street, exposure, light, ventilation and furnishings are all important factors; e. g. a room getting little or no germkilling sunshine needs specially effective ventilation. Smooth, impervious surfaces are best; but if an office has rugs, portières or other microbe gatherers, they should be often and thoroughly cleansed and disinfected. After a succession of nuns who had occupied the same cell had died of tuberculosis, the source of infection was finally found to be merely a key string which had been quite disregarded.

A southeast corner room is best; north light is most uniform; west least desirable. Hygiene forbids carpets in public rooms. Use hardwood floors, or linoleum, which is cheap, durable, easily washt, dedens noise, and is warm. Hot water is best for heat, being free from quick changes and annoying cracking usual in steam. For ventilation, have both inlet and outlet flues, with open fire if practicable. If not, insure circulation thru flues by gas jets, pipes, or motor driven fans.

Sizes referd to in this chapter by initial P, L, etc. are explained under the heading " Sizes," pp. 288-292.

Desks should have windows at left. Roll tops darken the desk top, tempt to disorder and are forbidden in some offises. The roll, if needed, is better merely as a curtain over pigeonholes, which are best for space in front of the chair if one has many papers, as they allow the largest number of boxes to be reacht quickly. Pigeonholes are best where quick work is the chief end, but catch more dust than drawers and take more space than vertical files, which hold on edge papers, pamphlets and clippings, and are cleanest, cheapest, and best for most storage. Space not needed for pigeonholes in front of the desk is best used for vertical files or drawers. Telefone and desk light (with green porcelain or tin shade to protect the eyes) on arms, to swing out of the way when not in use save desk space. Standard size pigeonholes, drawers, trays, and shelvs should fill all blank wall space at left and behind, within reach from the swivel-and-spring desk chair, if as usual there are many books and papers. Chairs with curvd spring back give a grateful support to tired backs. Upholstery is heating and sometimes dangerous for constant use.

Offis bells should be not single stroke, but buzzers, which allow simple codes of timesaving signals by having shorts and longs.

A model desk is 78 cm high, not 75 (30 in) as is com-

mon. Drawers run to floor without baseboard and clear thru to back and have side runs with no cross pieces. At no extra cost this gives easier action and maximum storage. All drawers are at least 9 cm deep inside to hold standard card trays. The middle opening for the feet is 60 cm wide with a middle drawer over it large enuf for 50 x 60 cm standard large sheets often needed for charts and tables. Rows of drawers each side the chair have slides above them, as long as width of top allows. On small desks, extension leaves supported by folding brackets may be added to either end. Tops are 60 to 100 cm wide or for double desks 150 cm. The usual length, 150 cm (60 in) is the largest top easily reacht from the chair.

A file box or shelves should fit middle space under desk in front of feet if extra storage is needed.

A beveld board, loose or hinged, gives a slope on the right desk slide, very useful where 2 people are working over the same papers.

Barometer or fountain sponge cup and sponge-topt mucilage bottles save labor.

If inkstands are used, the ' Perfect,' ' Capitol,' or similar pattern preventing evaporation and so requiring no refilling till ink is all used, is important.

Never leave a steel pen in ink. The acid which good record inks must have soon spoils the pen, while the metal in turn destroys the record quality of the ink.

Self-inking rubber stamps for any words or dates often written save much time and give more distinct entries. If several are used, keep in racks plainly labeld or it takes as long to find the right one as to write the words.

Keep a watch or clock hanging before you. An accurate alarm clock if set closely enough calls attention to the next engagement, train time, etc.

Paste, shears, ruler; blue, red and green pencils; pins and clips; and steel and rubber erasers are essential to

a model desk. Rubber bands are often useful but should not be kept on papers to be stored as they soon rot. Keep papers flat in folios or fastend with cheap clips, or in larger steel spring clips at a fraction of the cost and as good as the brass horseshoe clips. The few seconds spent in uncurling or uncreasing a paper so it can be red, aggregate in a year an extravagant waste.

A metal straight edge, exactly P size is much quicker than shears and ruler in fitting clippings and parts of sheets to trays.

Printed blanks for everything much used, with all alternatives printed so that insted of filling in words, a single stroke crosses out those not wanted, reduce labor immensely. Printing is cheap, clerical labor costly. Printed blanks are the greatest laborsavers. Some of the best to keep on hand are

- 1) Day blanks, 20 x 25 cm with months at the hed of 12 colums, ruled with 31 numberd lines, give a square for each day in the year and are invaluable for statistics or records. Without months printed, colums are heded for any monthly records. The 10-day sheet is the same with a line for footing each 10 days. By moving the decimal point, this footing shows exact daily averages, invaluable in recording costs, expenses, income, etc. For 31 day months use 3 decades and 1 day. For February divide the 3d decade by 8 (or in leap year 9) to get daily average.
- 2) A-Z blanks. One or both sides of L sheet ruled into 26 squares with a letter in bold type in each upper left corner; invaluable for alfabeted notes and records, addresses or anything arranged by names.
- 3) 0-9 blanks. Similar sheets in 10 squares to the page for anything arranged numericly.
- 4) Week sheets, 7 squares for the 7 days for engagements, agenda, etc. Often combined with kalendars.
- 5) Cash sheets, a month to each page, 3 rows of 11 colums each. The hedings at the left are: In bank, Cash,

Memos, On Hand (the footing of the 1st 3 lines); Received (total cash taken in that day); Total (footing of 2 lines); Paid out (total cash disbursed that day); On hand night (after deducting Paid out from Total). Note that everything bankable in drawer, safe and pocket goes under Cash. Anything else counted in settling cash, slips for temporary loans, etc., goes in Memos. If there are 2 or more bank accounts they are interlined in the top wide space. This sheet requires fewer figures to balance cash, and preserves every figure made for 2 months on an L sheet. By reading the lines across, it shows balance daily in each bank and in cash drawer, also receipts and payments. By footing each line it gives 10-day totals and moving decimal point shows daily average for all items. This is the most simple, compact and useful form for daily cash totals.

6) Bank sheet. Much clearer, quicker and better than the common stub checkbook. Its columns are: Deposits, Balance in bank, Drawn, Date, Number, In favor of, For. It starts with the first Deposit. Then any deposit or check has date, name, etc., entered and is added to or deducted from Balance which always hangs a line below the rest. In columns, both deposits and checks are much handier for reference and checking. An L sheet gives 25 lines.

Pigeonholes should not be square, to fit folded papers, but 22 x 25 x 5 cm, to fit L size flat. An ideal plan for a model desk is 6 tiers of 15 boxes each, standing on the back of the desk and raised 9 cm above it on endpieces. This leaves the desk top clear for various fittings or for 6 P trays under the pigeonholes. The highest pigeonhole of a 15 box tier is in reach of the hand; and by rising the highest of 20 boxes in a tier can be reached, or a total of 120 pigeonholes. The 1st and 6th tier should be turned inward 45° to be readily seen and reached. Vertical slats

insted of solid ends for the wings look better and give more light.

The thicker top, bottom and ends of the main case of 4 tiers give space for labels in large letters for each horizontal row of boxes. The left end piece gives abbreviations for each department of work and the right end gives the initials of heds of departments or others of the staff.

The 1st tier at the left is labeld Haste and holds papers that need disposal before leaving the desk for the night. The 2d tier is markt Leisure and has papers that are to be attended to next after all haste business is disposed of. The 3d tier is Reference and holds papers on each topic often referd to and needed within instant reach. The 6th tier (at the right) is markt Take. Each box holds the papers that are self explanatory, and may be taken out of his box by each assistant whenever he passes. The 5th tier is markt Ask and has papers needing some comment, explanation or question. The remaining or 4th tier is sometimes used as a 3d box for a person or a 4th box for the department on that row. If not needed for either of these it is used for stationery or some special topic that does not run across the tiers. Thus both the left and right wings, or 1st and 6th tiers should be cleard each night. By this system whatever papers are out of the regular files and on the works, are kept where they can be pickt up with the fewest possible motions.

Duplicate Arrangement

There is grave danger in having too many places where a paper may be put: by subject, by department, by member of staff to be consulted, by name of person, by geografic location, by date, by urgency, etc. Each is best for certain items at certain times. The best regular place is by subject. All others are merely temporary while working over the papers. Beware of letting papers accumulate in the temporary places.

Division by Size

This adds a new perplexity. Various sizes of drawers, files, boxes, pigeonholes, etc. are much the worst of the many confusions possible. Different papers, colors, headings, etc., can be recombined in many ways, but different sizes are unmanageable. Have pigeonholes, files, boxes, trays and drawers fit L and P. D size folds once to fit P; Q files with L or folds twice to fit P. Experiments for 30 years led to adopting P and L as the 2 main sizes.

Incoming letters are so many of them on larger paper that the 25 x 30 cm (10 x 12 in.) commercial file saves much folding or cutting down of margins. These 3 sizes for files answer all purposes. When a slip larger than P size is needed, use D and fold once, or Q and fold twice, or 12½ x 30 cm folded as a stringer to P size. When this will not answer, L size will not be too large. For charts use double or quadruple L and fold to L.

Guides and Folios

Equip vertical files, boxes and P trays with very frequent guides, with projecting tabs plainly lettered. Nothing saves so much time at so little cost, for the tab instantly guides the finger very close to the paper wanted. Heavy red or grey pressboard guides are best for main heads, but take too much room for frequent subheads, for which stout manila is best. Classes or departments, divisions and sections are distinguished by black, red, green and lilac ink headings on guides.

For P size, colored guides (white, blue, green, buff, yellow, and melon bristol and manila) mark the categories much better than to depend on label color alone. In L files, boxes and pigeonholes, folios of stout linen or smooth manila of these various colors (20.5 x 25.5 cm) open on 2 sides, are invaluable for keeping papers on each topic together without paste, pins or clips, ready for instant consultation. The folio itself has L B ruling

(alternate light and heavy lines, 50 to the page ruled into 4 columns) making 200 blocks for entries on both front and back. Being very cheap, they can be used freely for collecting and blocking out notes, loose papers on the subject being thrown inside.

File Boxes

These made by Library Bureau have wood ends, stout pasteboard sides, and cloth hinges to a 3 cm cover and 14 cm flap. The box is 22 x 28 x 8 cm and holds L sheets with folios, indexes and guides. A leather tab on the front acts like a drawer pull to draw the box from the shelf. Each has a large blank label. After experimenting 30 years with every form of desk laborsaver offered at home and abroad, these boxes prove much the best cheap supplement, in an ideal office equipment, to the L vertical files and pigeonholes and the P trays.

Shelves

Nine-tenths of matter usually kept flat in drawers is better kept on edge in L size vertical files, which are handiest and cheapest except for papers in constant use in open pigeonholes, cards in P trays, and books and pamphlets on shelves. The best library shelf is 75 cm long, 20 cm deep and 25.5 high, thus taking all books up to octavo, 25 cm. A longer shelf sags in middle if loaded. Cases should be 7 or 8 shelves high with 15 or 20 cm ledge, if wisht, above the 3 lower shelves. The best pamphlet case is a plain wood box covered with marble paper, open only on the back. This is handier and more durable than costly patent boxes. Read shelves, pigeonholes and blanks from top to bottom and from left to right like columns of a newspaper, never jumping over the upright. Lengthwise back titles on books or pamphlets should read the same way, so they are right side up when lying face up in a pile or to one reading shelves from left to right.

Typewriters

Tolerate no pen work for letters written by clerks, for typing is more legible, easier, faster, and cheaper, thus combining all 4 laborsaving elements. Many high salaried men have learned that ease and speed make it well worth while to type such writing as they do with their own hands. If one writes at all, by as much as his time is more valuable than a \$10 clerk is the typer worth more for his personal use. It saves the eyes, allows more erect posture and chiefly obviates writers' cramp or the nervous twitching which sometimes makes handwriting illegible.

Visible writers now in general use remove a serious objection, as each letter is in sight as written. By the touch system the operator never looks at the keys but strikes the right ones by touch, like a skilful pianist.

Use felt pad or shock absorber under each machine to deaden noise.

Dictation Machines

These have marked advantages over stenographers. Dictation may be given at any hour of day or night and left to be typed in office hours. Dictation and transcription can be going on at once, thus saving much time, as the typists are transcribing while the machine is taking new dictation. There are no notes to get cold. There is much less danger of mistakes. The voice speaks the exact words to be written and by its inflections makes the meaning much clearer, while in shorthand the same outline may stand for several words. For those not having electric current, the spring machine wound by hand gives excellent results. Difficulties which caused many to reject the earlier machines have now been removed. New matter can be inserted and omissions or corrections can be made as readily as by stenography. If in arrears or ill, any typist can give the cylinders to another, while very few can read

another's shorthand notes. The fonograf standing on the desk, never gets impatient or tired or has an important engagement when extra servis is needed. You can speak as fast or slow as you wish and may pause for a second or a month between sentences and the machine doesn't get nervous. You may dictate at any minute and no time is lost to the typist when you are interrupted or stop to think. The wax cylinders can be used over so many times after shaving that the cost is negligible. Great houses which use a roomful of typists and count cost closely are substituting fonografes because so much quicker, cheaper and better. The typist escapes the labor of learning stenografy and stenografers prefer it as they avoid most of the irregular hours required to fit employer's engagements, the mental and eye strain of writing and reading shorthand and the embarrassment of interrupting the dictator to repeat. Many would save their eyes now breaking down from reading pencil notes in bad light. At a touch it repeats the last words spoken. The same machine may be changed instantly from recording to reproducing.

Many require a stenografer only a fraction of the time but must pay full salary. The fonograf will work 24 hours a day at high speed in a rush and not complain or break down. One may come in at midnight, dictate a whole week's work and leave before offis hours and it will be done without inconvenience or night work at double pay or complaint of unusual hours. Some people still refuse to use the telephone. Some will refuse to use this more marvelous laborsaver, but fair trial will result in its adoption; for recent improvements make this machine the best and cheapest means for dictation.

The fonograf costs less than a typewriter and has immense advantages. Instructions may be left for any clerk or servant and need not be typt; for, put on the

machine, they are given orally and may be repeated as often as wisht.

Fountain Pens

These are now as practical as dip pens, which are as absurd for the penman's constant tool as a muzzle-loading rifle for a modern soldier. Thousands have tried fountain pens and discarded them as failures, when they would have found them invaluable by observing these rules: 1) Select from a full line a pen exactly suiting the hand. More than 100 varieties of each first-class pen are regularly made. 2) Keep a gold pen bright by cleaning often on a wet sponge. 3) Use a free flowing standard ink, preferably filterd, and never mix inks or fill from a bottle open to air and dust. If clogd by poor or mixt inks or dirt, soak barrel and feeder thoroly in water or wash out with alcohol. 4) To avoid top-hevy effect for sensitiv hands, do not put cap on top of holder when writing. 5) Fill pen often. Don't let it get almost empty, as the air in it expands and it bleeds ink. 6) Use constantly. It is better at the desk as well as in traveling, and works best when used oftenest.

Beware of cheap imitations. The standard makes at higher prices are cheaper in the end. Waterman furnishes caps of various shapes and colors for different inks: red, green, lilac or blue for 2 or more pens for different uses. Blue is least free flowing and very apt to clog. Carmin is best; green and lilac flow freely but being anilin smutch badly. By cutting grooves or notches in the cap the pen wanted is recognized by a touch. Very large pens are apt to feed too fast unless the ink chamber has a partition. The long desk holder has more capacity. Self-fillers save inking the fingers but usually hold much less ink. Safety pens can be carried in any position; others must be carried point up. For checking or other work in 2 colors a double ender is best but should be left

on the desk or if carried in the pocket puld apart at the joint so each half can stand point up and not leak ink.

Writing

Vertical writing, disjoind, is more like print and some write it as fast as the sloping hand, which is so much less legible that libraries prohibit it on catalog cards.

Forbid all affectations hindering legibility: abnormally large or small writing, scrawls as if written with a crayon, very fine hair lines, and every form of shading, flourish or ornamentation.

Blotting blurs the sharp lines of writing and takes away some color. Ink should dry naturally.

Duplication

Copying by hand was costly and untrustworthy. The copypress banisht it. This is largely superseded by the rubber roller copier, workt as easily as a clothes wringer and giving, with copying ink, 5 or more good copies if turnd slowly. Good copying ribbons are anilin, so these copies fade badly. With record ribbons, carbons must be used. The roller copies all corrections, but carbons made with the first writing must each be corrected by hand, so they are less convenient.

Carbon sheets, usable with pencil or stiff, smooth pointed pen, but best with typers, give, with 1 writing, 10 good copies on thin paper, or on cobweb paper 20 to 30. Have paper of 2 or more thicknesses so to use heviest that will give clear copies for the number wanted. When there is blank space, carbon answer to letter on back of original. Otherwise attach thin copy with paste, to keep letter and answer together. Paste upper left corners together as each new letter comes in, thus making a little book for each correspondent. It allows quicker and easier reference and can redily be puld apart if necessary.

The best duplicator is the stencil, typed on wax paper and printed on a simple press giving several hundred copies, if needed, as permanent as other printing. As the wax costs 8c a sheet, many have for temporary uses pans of composition on which anilin ink from pen or typer ribbon offsets. These use only common paper, are cheapest and quickest for temporary use if more than carbon copies are wanted, but anilin ink soon fades. If many copies are run from stencils, attach electric motor to a lamp socket, thus increasing speed enormously over the hand machine.

The Multigraf, Writerpress, etc. producing large numbers of what look like typewritten letters are coming into wide use in offices where quick printing is often needed. They are merely simple printing outfits modified for use by clerks familiar with typewriter keyboards.

Card System

This is chief of literary and business laborsavers. With the modern library movement dating from 1876, its growth has been phenomenal and the saving effected more than money can measure. Instead of bound books, separate cards or sheets are used on edge, with frequently projecting guides, which enable one to find any item almost instantly, as they are self-indexed. Matter may be added or removed at any point without recopying or disarrangement, so that material is always in exact order and up-to-date. The plan is invaluable for every growing record, and has been adopted successfully for thousands of uses. Its usefulness is diminished or destroyed unless the cards are cut to more exact height than common machines allow. A minute variation results in 'bridging'; that is, a low card between 2 higher ones is mist by the finger in turning. The best patterns of trays, supporting blocks and locking rods are necessary to give greatest speed in reference. Most patent devices for

these purposes are useless. Library experience has shown what gives best results. As with fountain pens, there is grave danger in experimenting. 40 years' study has taught the makers for libraries hundreds of little details which the imitators do not understand and so fail to copy successfully. The cost of equipment is trifling compared with cost of labor in using.

Loose Leaf System

Only a variation of the card index, of which the essential is indefinit intercalation. Instead of standing on edge in drawers, loose leaves are put in a binder which holds them like a book, opening flat but allowing leaves to be added or removed at any point very quickly. For certain desk uses this is preferable to trays, but most records go best in regular trays. The fear of losing detached pieces proves practically negligible and the saving over books is very large. For general use adopt L size with center of holes for rings or binder fasteners 5 cm from each end and 15 cm apart. All blanks should be punched with these holes so they may be used in the standard binders or covers. This system devised for Amherst college library shelf list in 1873 has spread to very wide use. For thin books (2 to 100 sheets) spring collar buttons make a good fastening, but the best and cheapest device is Morden rings similar to key rings.

Card Legers

Banks and corporations use millions of cards instead of the old clumsy book legers. As each account is closed, its card is transferred to the dead list, thus leaving only live accounts in the working trays. There is immense gain in efficiency and economy by using cards instead of books for most records.

Sizes

The international standard P or postal size is 7.5 cm high, 12.5 wide. The U S government prints its postcard,

size K, and all its catalog cards on this size, and the national and international library and bibliographic societies use this standard, which has in 35 years established itself beyond possibility of change. It is enough smaller than 3 x 5 in. for which the inexpert often mistake it, to make such cards worthless in a standard index. They must be cut down to standard size or serious trouble results.

P size is very often found better to use in place of larger sheets for short bills, receipts, bank checks, etc. as they can be handled much quicker. Bank of England notes seem ridiculous to us because of their blanket size. The Swedish bank bills about P size are as great an improvement over ours. Progressive American bankers are trying to adopt a smaller check for standard use and bank bills will doubtless conform to the reduced size. The saving of space occupied seems trifling, but grows serious. Originally cards were over 3 times as large and were kept in a single row of covered boxes. Gain in number of cards stored on a given floor space was 3-fold when 3 rows of drawers replaced these boxes and 45-fold for cards $\frac{1}{3}$ the size in the standard case 15 rows high; 2-fold more when cards were made half the thickness, 2-fold more when trays were made twice as long. Thus a library now stores 180 times as many cards on a given floor space, yet many are still embarrassed for lack of room.

The best card stock, weighing 200 grams to a square meter, is as good as the older 300 or 400 gram stock which took twice the space. Heavier cards are needed only for guides. These with projecting tabs more than double usefulness. Cards as well as guides can be had with these tabs, affording immense possibilities of double, triple and quadruple classing by tab, card color, ink color, and number or heading. For lighter cards 133 gram stock, 2-3 the weight of the light standard, is best. With it 300 times as many cards can be put in a floor space as

with the simplest combination of old outfits. The 100 gram stock (ordinary 5 pound commercial note paper) is also used where space saving and cheapness are more important than ease of handling. 133 gram paper is about 28 lb demy.

The largest standard card index is L size, for cards 25 cm high by 20 wide. For these large sheets, 2 folios not used in P size are needed. A manila folio 20.5 x 25.5 cm, open at the top and right side, holds together stiffly enuf to hold thin papers on edge. The long folder is of manila 20 cm wide, 51 cm long, folded with front 27 cm, back 24 cm high. At the top, smaller subdivisions than indicated in the projecting tabs of the guides are written, effecting closer classing of papers. Manila, white, blue, melon and other colors are used for these folios when more than one classing is wanted in the same series; e. g. personal papers mingled with offis or firm papers on the same subject. Thus papers belonging to a half dozen different parties can be closely clast together by subjects without confusing ownership, which is instantly recognized by the folio color. This L size index fits most magazines, pamphlets, letters, and typt documents and is the best working unit for all papers too large for P trays. It is far preferable to filing on the long edge, because papers may be red in the drawer with letterheds, titles of articles, etc. at the top in the best light, exactly like library catalogs. The commercial vertical files, 12 in. wide, 10 in. high are slower in use because papers are kept on their sides insted of ends, so folios must be lifted out and opend before consultation. Many use objectionably large sheets with a line twice too long for easy reading so the larger file will be used by many til they lern the advantages of never using a sheet larger than 20 x 25 cm. For all other uses the L size drawer and file is better and when letters or papers on larger size come in they are quickly folded once and dropt into regular place. A foto-

graf cutter is quickest for cutting off margins of over-size sheets.

The card or loose leaf system has had a marvelous growth as people learn its economy of time and space. Formerly papers were folded, indorsted and tied in bundles. Flat filing in cabinets, minutely self-indexed without labeling, drove out this costly system. Vertical files, like a library catalog, are in turn rapidly driving out flat filing cabinets.

Intermediate sizes are seldom needed. Of these, a single size D (15 cm high by 12.5 wide) is best, and has the great advantage that a single fold makes it exactly fit standard P trays now universally used. The standard large sheet for card index stock is 50 x 60 cm and, to save waste, aliquot parts of this should always be chosen. 99 times out of 100, P, D, Q, or L size will be best. Odd sizes cost more and often waste when indexes are combined or rearranged. If other sizes must be had for special use, they should be chosen from this full series: For indexes use V or H (made by cutting P in half). N is $\frac{1}{2}$ L, D is $\frac{1}{2}$ Q, P is $\frac{1}{2}$ D. B and N are admirable sizes for pamphlets, but not for manuscript. For bank checks 7.5 x 20 cm is common, but 7.5 x 15 properly arranged is better. Lf (L folded) 10 x 25 cm, the size of some booklets, is best for a long pocket size and for many records. It is not common but very convenient.

Never use for manuscript a sheet wider than 20 cm. Science proves this line twice too long. For easiest reading, the best width of paper is 12.5 cm. After 30 years study we adopted 15 x 25 cm (6 x 10) for letters and mss and 20 x 25 or standard letter size where an extra margin is wanted for side notes. The bedquilt letter sheet will soon disappear as the old fashioned awkward newspaper gave way to the more easily read and handled smaller size. Except for printer's copy or on manifolded paper, write on both sides. Saving of paper

and postage is trifling. The real gain is having only half as many sheets to handle and store in files. As few letters are over 2 pages, when written on both sides a part can not be lost.

If odd size paper is left over, cut it down to the next smaller standard size. The waste is much less than the trouble of having odd sizes about, which will not fit any of the trays or files without folding. Paper is very cheap. Time is very costly.

Best Sizes

Symbol	Name	Size in	
		cm.	inches about
V	Visiting card.....	5 x 7.5	2 x 3
H	Half P.....	6.25 x 7.5	2½ x 3
P	Postal.....	7.5 x 12.5	3 x 5
B	Billet.....	10 x 15	4 x 6
D	Double P.....	12.5 x 15	5 x 9
N	Note or ½ L.....	12.5 x 20	5 x 8
Lf	Letter folded.....	10 x 25	4 x 10
Q	Quadruple P.....	15 x 25	6 x 10
L	Letter.....	20 x 25	8 x 10
2L	Double letter.....	25 x 40	10 x 16

Odd size envelopes are a nuisance and go less safely in mails than standard sizes, as they project and are torn or crumpled in the postoffis when tied in bundles. For notes and P cards use no. 5½, for Q sheet (15 x 25 cm) no. 6¾, for letter-sheet, no. 8½.

Fittings

Single colum trays with sides cut down to give more light and with label-holders in the pull have largely replaced the heavier 2-colum drawers. The best standard unit case is 2 to 3 pigeonholes wide and 15 high, each pigeonhole 9.2 x 29 cm and 50 cm deep, just holding 2 standard trays. Between the 6th and 7th rows of trays are slides on which to rest drawers from pigeonholes too high or low to allow convenient reading. Short desk

trays are 25 cm long and only 5 cm high to give better light and easier handling than if full height of cards, with partitions $4\frac{1}{2}$ cm apart. All desk drawers should be full 9 cm deep to hold these trays. All cards have an 8 mm hole near the lower edge, in the middle. For private use locking rods needed in public indexes may be omitted, but the hole is often needed to tie cards together or for special uses. For printer, number cards, tie in small packages with first and last number on outside to guard against loss. Rods are to prevent removal and loss, so that a notch in place of a hole is bad, as cards can be bent a little and readily removed without tearing.

A pocket binder with eyelets opposite the card holes and a tie cord and bar is handiest to carry cards. Best is patented; cost 5c.

Drawers for L size are 21.5 cm wide and 28 cm high inside, and outside are $27.5 \times 30 \times 50$ cm long. They have rods and blocks with sides cut away like the P size, but drawers are on extension slides so that they can be opened full length. The unit is 4 drawers high from the floor, the highest that can be readily consulted standing. The best low unit is two L drawers high with a P drawer and an extension slide and table top above, making a case 78 cm high, 32 wide and 50 long. This stands at the end of a desk as an extension, or better at right angles, so all cards may be read without rising from the chair. Heavy manila guides 27 cm high have tabs 4 cm wide projecting 1 cm higher. Another projection from the middle of the bottom runs in a slit in the drawer bottom and has a stout eyelet through which the locking rod runs, a necessity for so large guides.

Arrangement

Arrangement in any card system is either A to Z, like a dictionary, or 1, 2, 3, or class, both numeric and class plans having alphabetic indexes on P cards. The numeric

system is best for correspondents writing many letters, or for special contracts or other business distinct but not obviously clast under any subject or name. For this use the short numbers 1 to 9 or 99 should be reservd for the heaviest correspondence. The rest are assignd and indext as subjects arise, the folios being kept in 1, 2, 3 order. They can be filed or found much quicker than by any other than arabic notation, which is the simplest known to the human mind. The numeric file scatters by accidental order matter on allied subjects which ought to stand side by side. Every system needs an alfabetic supplement for miscellaneous correspondents who write few letters, since it is self-indext and its few papers are put away and found again quicker than if clast or numberd and indext. A compromise which has proved satisfactory is to assign to each hed (name or subject) its initial followed by figures used decimally to allow intercalation and so preserv exact alfabetic order. For this arrangement the Cutter-Sanborn author tables are most helpful. Follow library rules strictly i. e. arrange so to read like a book, left to right, top to bottom, front to back. This requires guide hedings to go before, not after papers and letters in files, and to have the earliest in front. Disregard the salesmen's plea 'to put the last letter on top as most likely to be wanted.' It is as quickly found at the back of the folio. Don't upset mental habits and reverse the universal rule of English books to read 'from front to back.'

Classification

A great file of papers is like a library in miniature. Experience the world over has proved that while alfabetic and numeric systems are invaluable for many purposes, usefulness demands close classing as material grows. The best plan is to combine simplicity of numeric and utility of clast as in the Decimal classification and

relativ index used by most libraries. The simplest possible printed index of 30,000 heds tells instantly by what number to mark or to find any paper. Insurance is markt 368. This means class 3, Sociology, division 6, Associations and Institutions, section 8, Insurance. Fire Insurance is the 1st subdivision, so every paper about fire insurance is markt 368.1 and goes in the drawer in numeric order where it can instantly be found by the printed index. 30 years use in a score of countries has proved this numeric system, with its relativ index, a marvelous laborsaver. Classification is a necessity if all material on any given subject is to be redily found. The labor of making one's own classification is usually prohibitiv, if well done. By adopting the scheme in general use by libraries this labor is saved and numbers are in harmony with those of thousands of other catalogs and indexes in which the same number has the same meaning; for, as pointed out at a recent international congress, these numbers are an international language of perfectly definit meaning among all civilized nations, and also cheapest and quickest in application.

A successful man is usually a classifier and chart-maker. This applies as much to modern business as to science or libraries. Higher education differs from elementary in studying not mere facts, but their relations to all other facts. Alex. Bain wisely said, 'To learn to classify is in itself an education.' The man of much business or affairs must study every problem in its manifold relations; i. e. must classify and make charts of his results. Without them he is like a sailor in strange waters, sooner or later shipwreckt unless he uses charts to find safe channels as well as to avoid rocks and shoals. A large business or work unclassified or uncharted is not a worthy organization but mere material from which a clever brain may construct one. It differs in efficiency

from the ideal as a mob of men differs from a well disciplined army. Piles of brick and mortar are not a temple any more than heaps of type are Shakspeare's works, tho if classified and set each in right relation to the rest, the transformation would be workt. Tho the importance was recognized, the filosofic systems proposed were so difficult to understand or apply that not one person in 1000 could use them practically. The simplicity of the Decimal Classification and even more of its relative index has made this work 10-fold easier. In recent years its use has spread rapidly in all civilized countries. It is successfully used for thousands of different applications. In its simple form a schoolboy can quickly master it and keep for instant reference every note, clipping or pamphlet as well as his books. Almost every profession and occupation has learned its wonderful labor-saving powers. It is in daily common use by myriads of business and working men who would never even attempt to understand or use the old systems. By mere addition of figures without changing this shorter form, this very simple system is readily made to record the utmost refinements of the specialists, and the Relative index, as simple as a b c, sends the novice to the exact place where the expert has classified the matter sought. Thus 942 is history of England but 942.99055 is history of County Pembroke in Wales, under Elizabeth, 5th of the Tudors. 371.11 is Qualifications of teachers. A colon between 2 numbers means 'in relation to' so 371.11:942.99055 would mean the qualifications of teachers in Pembroke in the reign of Elizabeth. Combining-symbols for time, space and other relations make of the system a compact shorthand for each fact. But this brevity is less important than the ease with which matters so marked can be arranged (giving figures and decimal point their common arithmetic value) stored as compactly as wished and found

again in the least possible time and by the simplest system known to the human mind, the arabic 1, 2, 3. Full descriptive pamphlet with illustrations and suggestions for adaptation to individual needs may be had on application to Forest Press, Lake Placid Club, Essex Co., N. Y. This makes plain that what at first seems so complex in its fullest form, is in its shorter forms the simplest known and easiest for use by the inexpert.

Clippings and Notes

Articles and notes which every one interested in his vocation clips from technical magazines or newspapers are almost useless unless closely classed. Plain manila sheets 20 x 25 cm are better than patent scrapbooks. Class like other papers with subject number on upper outer corner and keep laced in binders, or much better in L drawers like thin pamphlets, thus bringing clippings, circulars, letters and notes on each minute topic all together in one folio.

Hundreds of devices have been advertised as the 'best for scrapbooks,' but the plain sheet above with *Decimal classification* numbers has been proved by thousands of users much the best and cheapest way to keep clippings instantly available. That this decimal scheme is the best is proved by its spread, without advertising, all over the civilized world and by its almost invariable adoption whenever a competent commission is charged with finding the best and compares other systems with this, which combines the 2 simplest things known to the human mind; 1, 2, 3 and a, b c in a system that is first both in efficiency and economy.

Ded Matter

Individuals, like libraries, may often wisely separate ded from 'live' material. Correspondence and topics

no longer often consulted are transfered to duplicate drawers, of cheaper construction for storage. Working drawers and trays near the desk will thus be filled with matter oftenest used, while that removed is not tied in bundles or packed in boxes, but is kept best and cheapest in P and L drawers, in a single series, so that matter removed at different times is all found in its exact numeric or alphabetic order regardless of date of removal. The index entry shows by an underscore topics removed to storage, so no time is lost in double reference.

Colors

These have mnemonic values in binding, paper or ink. Languages, not subjects, should guide in bindings if books are arranged, as almost universally, by subjects; for variety of color is important in finding and replacing books quickly. The library language scheme used for 20 years is:

- American, light brown
- English, dark brown
- German, black
- Other Teutonic, dark blue
- French, red
- Italian, maroon
- Spanish, olive
- Latin, light green
- Greek, dark green
- Minor Aryan, light blue
- Semitic, yellow
- Hamitic, etc. light drab

Colors beginning with the same letter as the subject are easier remembered, but should not be chosen if a distinctly better color is available. Libraries use blue for bibliography, canary for criticism, green for biography. Slips are often arranged by days or months thus:

<i>Days</i>		<i>Months</i>	
Sunday	sage green	January	white
Monday	melon	February	fawn
Tuesday	terra cotta	March	melon
Wednesday	white	April	azure
Thursday	turquoise or manila	May	manila
Friday	fawn	June	jonquil
Saturday	straw	July	blue
		August	apple green
		September	straw
		October	orange
		November	nile green
		December	dove

The colors have the initial of the day or month except January white, suggested by snow, and July blue.

The checklist below of paper colors for 26 letters omits most of those often confused or too dark to be written on. Avoid colors named second, as they may confuse with others first elsewhere in the list. Letters with no available color are assigned the best unused, so as to give colors to all 26 letters if needed:

Paper Colors for Alphabet

- A azure, apple green, amber
- B blue, buff, brown
- C canary, cherry, carmin, cream, café-au-lait
- D dove, drab
- E ecru
- F fawn
- G green, gold, gray, granit
- H heliotrope, hazel
- I ivory, indigo
- J jacqueminot, jonquil
- K corn
- L lilac, lavender, lemon
- M melon, mauve, marigold, manila
- N nile green
- O orange, old gold, olive
- P pink, primrose, perl gray, purple
- Q Quaker drab

R	red, rose, robin eg
S	sage, straw, salmon, sky blue, steel
T	terra-cotta, turquoise, tea, tan
U	ultramarine, buff
V	violet, mauve
W	white
X	granit
Y	yellow
Z	zenith, manila

The favorit distinct colors to write on are white, buff, blue, canary, green, cream, manila. Melon or salmon soils worst from handling. As cards must be of uniform size to fit trays and drawers, the distinction of various circulars and blanks often made by shape is best made by color.

Always use white paper and black ink unless other colors have significance; e. g. to many, a pink bill indicates that a blue duplicate was also made.

Ink and Crayon Colors

The best colors in order are: Black, red, blue, green; violet or lilac is least permanent. Colors are used chiefly for figures or other short entries or for checking lists. 2, 3 or 4 pens or pencils can be carried between the fingers so that a check mark may be made instantly in either of 4 colors. Red for receipts, returns, income, renewals; blue for the reverse, payments, outgo, issues; green for gain; lilac for loss. Special meanings are assigned to check marks for each case and should always be written as a key at the beginning of the list for future reference. Different colored inks or pencils are often assigned to different people working over the same lists so that color shows who made each mark. Where classification may change, color is better in ink than in paper as recopying can be saved by underscoring the first words in the new color which supersedes the old. Color catches the eye

quicker than symbols. Pencils are cheap in a dozen colors, but ink is neater and doesn't rub; the green and lilac smutch when moist and fade badly. Carmin and blue are most permanent, but blue clogs fountain pens.

Dangerous Experiments

For permanent records never use new and unproved ink. It may fade away and necessitate recopying. In typers, fountain pens and nearly all machines and tools, it is safest to buy only the well proved old standards and let others risk experimenting with 'something just as good.'

Numbers

Use only arabic numerals and letters and avoid the clumsy and easily misread roman numerals: Write v. 88, not vol. LXXXVIII.

Use figures for all amounts from 1 upward. They are written quicker, read quicker and take less space. It is folly to write 'three hundred and seventy-eight' in 27 letters when 378 is one-ninth as long and every way better. Ignore arbitrary rules about not using figures for less than 100 or at the beginning of sentences and use arabic numerals wherever you wish to express their value.

Metric System

John Quincy Adams reported to congress that if metric weights and measures could be generally used they would be a greater labor-saver to the human race than steam. Since then nearly all civilized nations have adopted these measures and America and England are both nearing such adoption. The international decimal system, agreeing perfectly with our arithmetic, stands near the head as a labor-saver. Computation showed that a single railroad could save \$50,000 a year in clerical labor by its use.

It has the same advantages of speed and accuracy as our decimal money has over pounds, shillings and pence. Every progressiv man should keep a metric rule on his desk and use metric mesures at every opportunity.

Other Offis Machines

When work done by machines is more accurate, quicker, cheaper and easier, it is as extravagant not to have them as not to have sewing machines for seamstresses. An offis without telephone and typewriter would surprize as much as a village without a postoffis. Where much work is done the modern laborsaving offis machines save their total cost in a few weeks or months. If there is figure work, use adding machines; if much addressing to the same list, use addressing machines. If much dictation the business fonograf saves much time, money and annoyance. Unless one has a markt taste for experimenting for himself he can wait til the best managed offises adopt a new machine or method and then profit by their study and experience and adopt what they have proved to pay well.

Notehand

Abbreviations. The most practical, cheapest and of-tenest needed laborsaver is to use the fewest words and marks that will convey meaning redily and accurately.

To attain ideal compactness and brevity of expression one must have in the mind a clear, accurate conception of the thought. Even with the best rifle you must see your target clearly if you hope to score.

In both speaking and writing regard 1) diction or choice and arrangement of words.

In writing secure brevity by choice of: 2) simplest forms of letters, 3) simplest forms of words, or spelling, 4) abbreviations with the ordinary alfabet, 5) abbrevia-

tions with key alfabet, 6) arbitrary devices for shortening, 7) a shorthand system.¹

D Diction

Thomas Jefferson said 'Where strictness of grammar does not weaken expression it should be attended to, but where by small grammatical negligences the energy of an idea is condensed, or a word stands for a sentence, I hold grammatical rigor in contempt.'

1 *De Conciseness*. Use the shortest form of expression consistent with clearness, e. g. this has been found to be an encouragement to good work = this encourages good work.

extend an invitation = invite

take into consideration = consider

enuf so that it will do = enuf to do

the purchase of = buying

purchasing agent = buyer

a large number of = many

a majority of = most

due to the fact that = because

the sum of \$10,000 = \$10,000

the city of Boston = Boston

in a prudent manner = prudently

put in an appearance = appear

arrange in alfabetic order = alfabet

the twenty-eighth day of May in the year of our Lord

one thousand eight hundred and ninety-nine = 28 May 1899. 9 vs 79 types

it is often the case that authors fail = authors often fail

give the boundaries of = bound

From a New York daily editorial:

¹The new key alfabet on which the N E A, Modern language ass'n and American philologic ass'n have been at work 9 years is likely soon to come into practically universal use in text books and dictionaries for showing pronunciation, and will be a useful tool for abbreviations, so all changes in spelling or abbreviations should harmonize with this standard key

“ A supreme court judge did common sense a notable servis. He lifted up his voice indignantly against the antiquated and grotesquely verbose phraseology in which lawyers are fond of sinking facts and drowning meaning.

“ The counsel was told by the judge that his 36 page answer to a complaint could have been better put in 36 lines. All the rest, said His Honor to the astonished lawyer, was ‘ mere rigmarole ’ and ‘ an intolerable bore.’ And he was scarcely less contemptuous of the longwinded complaint of the plaintiff.

“ Lawyers must aim sedulously at precision of statement, but the endless repetitions and the sense obscuring verbal contentions of the ordinary legal paper constitute a dialect which affronts the English tongue, and for which there is no real need whatever. The judge spoke hotly, but he had cause to be hot. His words should be taken to hart by all young lawyers with brains. As for the old ones, they can’t be cured, of course.”

Use of foren terms for which there are English equivalents is considered “ proof of juvenility ” and implies ignorance of English, not erudition; e. g. circa or in re for about, affaire d’honneur, au contraire, dolce far niente.

2 Dw Words. Use the shortest of equivalent words.

Prefer	to
alfabet	alfabetize
buy	purchase
class	classify
free	gratis
gift	donation
live	reside
make	manufacture
many	numerous
shop, factory	manufactory
special	especial

sub <i>or</i> vice (e. g. subli- brarian, vicedirector)	assistant (e. g. ass't li- brarian, ass't director)
till	until
use	employ
yearly	annually

3 *Do Omissions.* Omit words and punctuation marks not necessary to convey meaning.

Rules 1 and 2 may always be followed. 3 makes 'cable English' for notes where grammatic fulness is useless. It may not parse but yet conveys meaning clearly. Telegraphers in 'visiting' over the wire omit many words, shorten spellings and use constant abbreviations. Clerks working much together drop all but necessary words and lose nothing in accuracy. Half of the *the*'s and many of the numerous other particles can be omitted without destroying meaning. To prove this take any printed matter and cancel as many words as possible without losing meaning.

L Letters

4 *Ls Simplest.* Use simplest, fastest script forms. Omit the initial and final curves, the shading, ornaments, flourishes and every other mark not essential to clearness.

A straight line is as good as a loop in the end of f, g, j, q, y, and at the beginning of words for the first stroke of b, f, h, k, l, and t.

5 *Use few capitals.* They are slower, less readable and unessential to meaning: there are none in speech or shorthand. Every capital may well be made in form of printed capitals, but A, C, M, and N like small script made large are as plain and quicker. Good forms will be found in *Library handwriting* or Heath's *Vertical penmanship*.

6 *Useless punctuation.* Omit all that doesn't affect sense or clearness. Omit period after Dr, Mr and other

contractions, and apostrophe as possessiv sign. The best printers are fast discarding useless points.

7 *Lc Contracted.* Use short forms for ng, sh, zh, dg, ly and ty.

Ng is n finisht with tail of a y. In type n.

Sh is old long s or script l with tail of g. Zh is taild z.

In type z.

Dg is tail of g added to d so that the round part serves for both letters.

Y is added to d, f, l and t by a long single stroke below the line, thus omitting the v part of the y and using only the down stroke of the tail.

8 *Ln modified letters.* The N. E. A. key alfabet of 47 letters for the 47 sounds in English greatly enhances power of abbreviation as each new letter serves to differentiate words in the shortest, clearest way. It is well worth adopting simply as a laborsaver; e. g. ought can be written ot by using new o with that sound, thus saving 60%.

S Spelling

Call shorter forms note or short spelling, and avoid term, 'reformd spelling,' which creates prejudis. Your object is not to reform, but to shorten and save time.

9 *Sd Dictionary.* Use shortest form of all words having 2 authorized spellings; blest, catalog, crum, esthetic, hight, iland, medieval, nozle, program, prolog, sulfur. The latest dictionaries have 3000 more of these better forms than previous editions and they are rapidly gaining in general use.

10 *So Omissions.* Omit all letters not necessary to show pronunciation: wil, shal, shud, wud, yu, hevn, lern, livd, foren, tho, thru, thoro, bles, eb, eg, dul, and hundreds of words ending in a double letter; hav, ar, wer, liv, giv, siv, futil, terminations abl and ibl and all words ending in useless e. O and e in trouble, double, etc., make them no plainer than trubl, dubl.

11 *Sr Respeld accuratly.* Shorten words by respelling if possible with present letters in accord with key alfabet: tizik, wisht, noing, notis, ake, hiccup, rime, blu, glu. Or approximately ruf, tuf, nolej, nu, fu.

Use f for ph wherever sounded as f. Use j for g or dge when sounded j; rij, juj, hej; d is silent in ridge but if omitted without changing g to j it would be rig.

But do not change words that might invite wrong pronunciation because of our defectiv alfabet; e. g. chafed, chanced, raced, filed.

12 *Sn New letters.* Much greater economies can be made in respelling and abbreviating by using the 6 new single consonants for ch, ng, sh, zh, th, and dh, and the 3 new vowels: italic a for a in father, o with the breve dropt into the letter for the sound in not, and u for the sound in but, and the transition letters for the vowel sounds in fate (a combined a and e) feet, (a dotted e) fight (y with a macron over it) and feud (u with dot over first part).

N. E. A. Key Alfabet

The key alfabet drops q and c, using k and s; b d f h j k l m n p r s t v w x y z have always their common powers. G is always hard as in go. J is used for soft g; e. g. jem. Vowels hav sounds usual in other languages and not the irrational jumble given by most school-books, tho all scholars repudiate the absurd teaching in which short a e i o and u are in no case the short sound of the corresponding letter they call long a e i o and u. The key alfabet vowels are as in: at, art, men, prāy, tin, marine, no, net, nōr, push, mūd (mood), hut, aisle, miut (mute), øil, thau (thou).

Beside these 16 distinct sounds there are 7 modified letters for indicating closer shades of pronunciation but only the 12 above are practical in Notehand.

This alfabet was agreed on by the National Education Association committee appointed in 1903, after 7 years

earnest work and consultation with similar committees from the American Philological Association and the Modern Language Association. At the Boston N E A meeting in 1910, they reported the above as the best possible for marking pronunciation in schoolbooks, dictionaries and elsewhere. Immediately after this long hoped for agreement, the Funk & Wagnalls Company adopted this N E A key for their dictionaries and schoolbooks, in which full explanations will hereafter be found. The author of this chapter will send free the complete alfabet for both type and script with all needed information. The new key will most likely be accepted as authoritative and come into universal use, therefore all changes in spelling or abbreviations should harmonize with this standard key alfabet.

Lists of Approved Simpler Spellings

Official lists of the new and shorter spellings adopted by the leading language scholars of the world can be had free from the Simplified Spelling Board, 1 Madison av, N. Y. These lists should be used to guard against mistakes.

A Abbreviations

4 of the best codes for general use are L B dates, exact reference, colon forenames, and grade marks.

13 *L B dates* In condensed matter use the library date system 1) day of week, 2) day of month, 3) month, 4) year:

Months: Ja, F, Mr, Ap, My, Je, Jl, Ag, S, O, N, D.

Days: Su, M, Tu, W, Th, F, St.

For Wed. 9 Sept. 1885, write W 9 S 85. These 5 characters are as unmistakable as the 96 in 'Wednesday the ninth day of the month of September in the year of our Lord one thousand eight hundred and eighty five.'

Numbers for months are dangerous. As usage is about equally divided, no one can tell whether 6-7 means July 6

or June 7. The L B dates above are exact and average fewer marks.

14 *Exact reference.* In indexes and other exact work indicate by superior figures the particular ninth of page or colum in which the passage referd to begins: 5:34³ means vol. 5, p. 34, beginning in third ninth of the page (about 1-3 the way down). Of superior figures, odd numbers, 1, 5 and 9 denote top, middle and bottom of pages; 3 and 7 points half way between top and middle, or middle and bottom, while even numbers are mere modifiers of these positions, 2 denoting a point a little below the top, 8 a point a little above the bottom; 4 and 6, points just above and below the middle. If there are several colums on a page, use 2 superior figures, the first denoting colum and the second position in colum: 7:89¹³⁻²³ means vol. 7, p. 89, beginning in the third ninth of colum 1 and ending near the bottom (in the eighth ninth) of colum 2.

15 *Marking printed matter.* Insted of making abstracts it is quicker, cheaper and better if printed matter can be had, to underscore so the eye quickly catches the significant words or frases. By glancing over these the general idea is caught better than from most abstracts. The simplest marking is the underscore as commonly used. If matter to be markt extends over more than a single line, a perpendicular at the left is better. These strait black marks merely call attention to important things. Use blue (true blue) to indicate approval, and red for what you would reject, the red flag being a warning signal. The wavy line or ? expresses doubt. The different marks or colors may be used for various purposes, or by different persons, but a key to their use should always be at the beginning.

16 *Colon forenames.* In library catalogs where space is important, the most common full names are indicated by initials followd by a colon or double period, thus C:H:

Smith is known to be Charles Henry Smith, while C. H. Smith may have any names beginning with C and H. With no extra space or cost the full name is given accurately by adopting C:A. Cutter's library list below:

A: Augustus	A.. Anna
B: Benjamin	B.. Beatrice
C: Charles	C.. Charlotte
D: David	D.. Delia
E: Edward	E.. Elisabeth
F: Frederick	F.. Fanny
G: George	G.. Grace
H: Henry	H.. Helen
I: Isaac	I.. Isabella
J: John	J.. Jane
K: Karl	K.. Kate
L: Lewis	L.. Louisa
M: Mark	M.. Mary
N: Nicholas	N.. Nancy
O: Otto	O.. Olivia
P: Peter	P.. Pauline
R: Richard	R.. Rebecca
S: Samuel	S.. Sarah
T: Thomas	T.. Theresa
U: Ulrich	U.. Ursula
V: Victor	V.. Victoria
W: William	W.. Wilhelmina
	Z.. Zenobia

17 Grade marks. There is constant occasion to record grades, qualities, efficiency of help, conditions of furniture, etc., etc. Use either 1 to 9 or A to E: C = common or average, B = better, A = best, D = doubtful, deficient or domestics (for furniture), E = eliminate, ($B + = B + \frac{1}{3}$, $A - = B + \frac{2}{3}$.) With figures 5 = C or average, 1 = the poorest like E, 9 = the best like A, 3 and 7 are halfway between like B and D. The even numbers serv to mark closer and plus and minus are short for $\frac{1}{3}$ for still closer grading.

18 An Numerals. Use arabic figures everywhere for quantity. These are the greatest laborsavers ever invented. The modern mind can hardly understand how business could be done with roman numerals, Yet the introduction of the arabic raised as violent protest in England as does simplified spelling now. They protested against this absurd Arabian ∞ for the simple V ' which

every child knew at a glance ment five.' Never use roman numerals or spell out quantities in words. Ignore the pedantic rule that figures must never begin a sentence or be used for less than 100.

19 *Ad Dictionary.* Use all ordinary abbreviations, which everyone understands or can look up.

20 *Aa Contracted abbreviations.* Use shorter forms of many common abbreviations; e. g. asⁿ = assoc. or ass'n, dpt = dept, lt = lieut, tr = trans. (translation), il = illus, v = vol. Omit useless period at end of breves.

21 *Ap Prefixes and suffixes.* Use short forms for the most common. Long s with n for 'shun' terminations, taild z with n for 'zhun,' taild n for 'ing' are quick and clear.

Write the following prefix and suffix signs superior as they catch the eye better so.

Prefixes		Suffixes	
c	com, con	l	less
x	extra	m	ment
f	for, fore	n	ness
h	here	s	self
n	non		
o	over		
s	self		

e. g. cfirm, svagant, /get,
 after, plus, come,
 heed, betrⁿ, kindⁿ,
 himⁿ

22 *Ac Common words.* Use Notehand abbreviations for the 100 most constantly used common words. When these are perfectly familiar add from list of 100 breves such words as seem best to you.

23 *As Special subjects.* Use special abbreviations for work in hand. For any special business or large piece of work do not trust to random contractions, but make table of short forms to be used uniformly. Put this key at the beginning of the record. E. g. in a library l = library, ln = librarian, bib = bibliography, cat = catalog, etc.

Rules for Making Abbreviations (breves)

24 Make an alfabetic list of the most frequently occurring words.

Then on a sheet with a colum of 26 capitals and 26 small letters write against each the word which it could best represent. After it write other words beginning with that letter which need breves. When all are tabulated assign any arbitraries that seem wise and then choose the best for single initial both capital and small, and for the others add only as many letters as necessary to make clear to those using them constantly.

Finally assign its breve to each word in the first whole list. Otherwise what seems the best breve for one word will later be found better fitted for another and the system will lack balance.

25 The oftener a word occurs the shorter the breve that can safely be used.

26 Long words bear abbreviation best. The longer the word the more letters can be omitted without destroying its distinctiv outline.

27 The best breve is usually the first part of the word. You recognize words as you do men, easier by the hed than by the feet. Mass. is better than Me; ri than rt for right.

28 From the word to be shortend cancel silent letters and unaccented vowels. Then omit least characteristic consonants and perhaps an accented vowel, till it is as short as seems wise, sometimes retaining unaccented vowels or even silent letters if necessary to distinguish 2 similar words. If there are 4 or more consonants, all vowels may be omitted from a monosyllable or unaccented syllable, e. g. frnk.

100 Notehand Breves for Most Used Words

In actual count of 60,000 words in a dozen fairly representativ selections *the* occurd 4,277 times or was 7.11% of all; *the, of, and, to, in* wer 19%; or with *a, that, is, it*, 9 words, 25%. Of the total 60,000, 21 words wer 33 $\frac{1}{3}$ %; 38 words, 40%; and 92 words made over 50% of all.

Of these abbreviations the best 5 are &, e, v, tt, w; for best 10 add f, b, wh, r, h; for best 20 add t, i, z, th, l, fr, n, u, wd, d. See readers list.

Notehand is not for stenographers, but for the great number whose work involves continual record, composition, abstracting or notetaking, and who have no time to learn or keep in practice any stenography.

It is a practical method of saving much time and drudgery of all writing for one's own reading or for associates and friends who do not demand formal fulness.

Use of these 100 forms shortens about half the words in ordinary English and effects a marked saving without lessening ease of reading after the first few minutes practice. They were made to enable students more readily to take notes of lectures and make abstracts for their own reading. As experiment shows that others can usually read these notes readily, they may be safely used wherever ordinary abbreviations are allowable.

Writers Alphabetic List of Words

about	abt	extra	x
after	aft	for	f
again	ag	from	fr
against	agst	good	gd
always	alw	give	gv
am	m	great	g
an	a	had	hd
and	&	has, have	h
are	r	her, here	hr
as	s	him	hm
at	a	his	s
be, been	b	in	i
because	bc	is	s
before	bf	it	i
better	btr	just	j
between	btw	kind	k
both	bo	know	no
business	bz	large	lrj
but	bt	like	li
came, come	cm	make	mk
can	c	man, many, men	mn
could	cd	may	m
do, does, done	d	might	mi
each	ea	more, most	mo
either	ei	much	mv
ever, every	ev	must	mst
except	xc	neither	nei

never	nvr	this, thus	ths
no, nor, not	n	thought	tht
of	v	thru	thr
oh, on, only	o	time, times	ti
or	r	to, too	t
other, others	oth	toward	twd
our	r	under	u
over	ov	up, upon	p
own	o	very	vr
part	pt	was	ws
person, persons	per	we	w
public	pb	were	wr
quite	q	what	wt
right	ri	when	wn
said	sd	where	whr
shall	sh	while	whl
should	shd	which, who, whom	wh
since	ans	whole	whl
some, same	sm	whose	whs
soon	sn	why	y
subject	abj	will	l
such	su	with	w
take, took	tk	work	wk
than, then	thn	would	wd
that	tt	year	yr
the	e	you	u
their, there, they	th	your	ur
these, those	ths		

Readers Alfabetic List of Abbreviations

a	an, at	hd	had
abt	about	hm	him
aft	after	hr	her, here
ag	again	i	in, it
agst	against	j	just
alw	always	k	kind
b	be, been	l	will
bc	because	li	like
bf	before	lrj	large
bo	both	m	am, may
bt	but	mi	might
btr	better	mk	make
btw	between	mn	man, men, many
bs	business	mo	more, most
c	can	mt	must
cd	could	mv	much
cm	come, came	n	no, nor, not
d	do, does, done	nei	neither
e	the	no	know
ea	each	nvr	never
ei	either	o	oh, on, only, own
ev	ever, every	oth	other, others
f	for	ov	over
fr	from	p	up, upon
g	great	pb	public
gd	good	per	person or persons
gv	give	pt	part
h	has, have	q	quite

r	are, or, our	u	under
ri	right	ur	your
abj	subject	v	of
ed	said	vr	very
sh	shall	w	we, with
shd	should	wd	would
sm	some, same	wh	which, who, whom
sn	soon	whl	whole, while
sns	since	whr	where
su	such	whs	whose
t	to, too	wk	work, week
th	their, there, they	wn	when
thn	than, then	wr	were
thr	thru	ws	was
ths	this, thus	wt	what
tht	thought	x	extra
ths	these, those	xc	except
ti	time, times	y	why
tk	take, took	yr	year
tt	that	s	as, his, is
twd	toward	&	and
u	you		

As capitals often have a different meaning, breves should be written with small initial even at the beginning of sentences; there are no caps in our voice or in shorthand.

A few minutes study will master the system. Many of the breves are merely initials. Most of the vowels indicate the important sounds. Pronounce the sound, not the name of the letter, and its meaning will be clear. In hurried speech few pronounce more than l in will, z in is, as, his; y in why; p in up; v in of; r in or, are, our; i in in and it; a in an or at. Pronounsing mi my, suggests the meaning might. People who think it difficult will be astonisht to find how easy it is if they simply make the sound as nearly as they can. The small capital u in mv and su is a new letter that has the sound of u in but. Make it in writing like a round bottomd v. Read the printed sample below several times and you have learnd the system.

r Father who r i hevn halled b Thy name
 Thy kingdm cm, Thy l b d,
 o erth z i z i hevn

giv us ths day r daily bred
 & fgv us r trespasses
 z we fgv thz who trespas agst us
 & lead us n i t temptation
 bt deliver us fr evl

f Thine z e kingdm & e power & e glory f ev & ev Amen.

Th r few besides students v such details who wd n b gly surprised by e variety v usage actually current among printers & publishers. Unless one z o e alert f differences, i z natural t suppose tt e form wh he wz taught & habitually uses z mo common; bt punctuation, capitalization & spelling r stedily tending twd greater simplicity. Punctuation z almo disappeard fr titlepages, hedings & oth display wk; i all ordinary printing capitalization h gly diminisht; & spellings (like gage, esthetic) tt 15 r 20 years ago wr innovations r now preferd i e latest dictionaries.

w adviz, howev, i circumstances whr a certain variation fr majority practis, tho clearly a improvemnt, wd b offensiv t mo readers, t er o e c'servativ side & follow e older r mo comn usage, introducing desirabl changes gradually along e line v least resistance i sted v rousing hostility twd all by refusing t postpone r sacrifice a fu.

CHAPTER LXXXIII

OFFICE EQUIPMENT

BY SAMUEL F. CROWELL

A COMPLETE study of the history and development of office equipment during the past generation would cover some of the most important inventions of modern science. During this period of time, business as a whole, and especially the insurance business, has increased to such enormous proportions that methods have of necessity had to be developed, and mechanical means found, whereby it could be handled. Otherwise this business of present day proportions could not exist. For instance, we can project one of our big life insurance companies back forty years in point of time and imagine it as having had the same number of policy holders then as now. Of course the total number of insurable people was not so great at that time, but it would not strain our imagination to multiply the insurance company of that day to the size of the present day company. It would, however, be a severe strain on the imagination to see how this company could have been carried on without the aid of the telephone, the typewriter, and the card system.

The telephone and typewriter are such common servants now-a-days that their indispensable characteristics make little impression on us. They may well represent, however, the contributions of science and mechanics to the equipment of modern business. The card system illustrates another class of invention, but one which is just as important to insurance as either the telephone or typewriter. At first thought it might seem to be a strong statement to class the card system with these great fundamental inventions. But how, let me ask, could an insurance company keep a list of two million names in

perfect alphabetic order, so that any one of them could be instantly found; so that a name could be added and placed in its proper place with respect to the other two million names; or one taken away and not disturb the rest, without the aid of the card system? The answer is unthinkable, and offers just as difficult problems as it would to carry on inter-communication in business without the aid of the telephone and typewriter.

To enter into any complete discussion of the development of office equipment in the past generation even, it can easily be seen would cover a very wide range of subjects and make a good sized book in itself. Just how far this would carry us is well illustrated by the burning in New York a short time ago of an insurance building which was put up as recently as 1871. In this building, which was a skyscraper then, the first passenger elevators were installed; and it was considered a serious question whether business men could be induced to go up even five stories to their offices. Contrast this with the Metropolitan tower! A startling commentary on the changes of forty years, to be sure: but a more minute study of details would reveal differences even more startling.

Setting aside then any enumeration of the devices which have been invented and the systems which have been developed to handle the business of the present day, we will first take up the general methods of arriving at the proper office equipment of an insurance company, and for the sake of completeness will suppose that the company is to have a new plant in which it can carry out its ideas.

In starting in on a task of this sort the officers and heads of departments of the company will know pretty thoroughly what sort of equipment will best serve their respective departments. The architects will know what physical disposition to make of material furnished them.

Between these two parties, however, there is likely to be a gap. The head of a department or officer is looking at his own field and his vision is perforce limited. The architect knows the technical side, but his view-point, too, is limited. It can easily be seen that there is a chance for a third party, an outsider; one who knows system in general, the needs of an insurance business in particular, and who has also a modicum of technical knowledge. Such a one is the business engineer, expert systematizer, or general efficiency man; call him by whatever high-sounding name you will, his functions, if he knows his business, are one and the same. Working with officers and architect he shapes things here, advises there, and so brings it about that the whole equipment is co-ordinated into a great big working machine, which grinds out with the least friction in the parts the product it is intended to produce. He is often the buffer which absorbs the shock between conflicting departments. Over his head certain otherwise rather set ideas can be changed and whipped into line. His task is not an easy one and the highest kind of talent is required. But the business engineer is coming to be regarded as a necessity to all big business.

The lay-out having been decided on, the next question which arises is that of materials for general office furniture. Shall they be wood or steel? The use of steel furniture has increased enormously of late years and it is not easy to decide in just what instances its use is owing to its being a fad just now, and in what instances it is really the most efficient material to use.

Here again the expert, if he be the right man, will prove of great benefit. Various lines of reasoning may have to be gone through to meet preconceived ideas formed in too narrow limits. But the sum of his advice, based on general experience, will be that a combination of wood and steel furniture works best. Both have their proper places. The question of wood versus steel is one

of many sides and few dogmatic rules can be laid down. One place where steel can be used without question is in vault work. Here space is precious and the saving of it is in itself enough to recommend steel. There is also a logical economic reason for getting accustomed to the use of steel for office furniture and that is that it will some day be cheaper than wood; a condition which does not now obtain. This will come about as good quartered oak grows scarcer and methods of manufacture of steel furniture become standardized and improved.

Equipment of the Executive Offices

Unlike the executive offices of general business there is little danger that the equipment of the office of the insurance company executive will be sub-standard in quality. Even the commercial business man is now paying more attention to the quality and appearance of his furniture, realizing that half or more of his waking hours are spent in his office and that its appearance should be as pleasing as that of his home. Sometimes the insurance company has been accused of erring in the other direction—that of being too luxurious. All that can be said on this question is that as in the home furniture it should be “in taste.” It should neither be too meagre nor on the other hand give the impression of being too ornate and heavy; always remembering that it is efficiency first, last, and all the time, that is to be aimed at. Polonius’s counsel to Laertes, although spoken of personal appearance, might be applied to the executive office.

“Costly thy habit as thy purse can buy,
But not expressed in fancy; rich, not gaudy;
For the apparel oft proclaims the man.”

In like manner the executive offices *do* proclaim the company.

But more specifically as to equipment. Book-cases, floor covering, wardrobe, chairs, pictures, etc., will vary

with the nature of the office. One thing, however, there always is—a desk. This should be plain in its lines, sanitary in type, flat top with or without glass covering, and contain only the necessary tools for the performance of efficient work. This is the modern “efficiency” desk, much heralded now-a-days, but here for a reason. The old definition of a business man as “one who sat at a roll-top desk” is no longer true. The pigeon-hole went because it did not fulfill any necessary function. It rather blocked and concealed business than expedited it. The whole roll-top idea, too, was opposed to clean-cut, clear-up-as-you-go methods, and so the flat-top desk replaces it as more fitted to modern business requirements.

To this rule there is but one exception and that is where the work of the executive may require frequent leaving of a desk strewn with papers which he does not wish to have seen by any outsider coming into his office. This is more likely to happen in a commercial business than in an insurance company. In a case like this a “cover-top” desk can be used. This is merely a flat-top desk with a “roof” and allows the paper to be protected temporarily.

Let us look now at an example of a good executive office. Note the sanitary type of desk with but four legs instead of six or eight. The absence of the two middle legs in front allows free foot-room when swinging around in the chair. The vertical file drawer contains the private file with pressboard guide-folders containing material on such general subjects as “Dictation,” “Pending,” “Advertising,” “Field force.” This file may be supplemented by a stack of files of varying types depending upon the requirements of the executive. They, however, as well as the 'phone and any books commonly used, should be in easy reach when seated at the desk. The right-hand upper drawer of the desk contains removable card index trays. Where many papers are involved

a table can often be used to advantage placed parallel to the desk and back of the chair so that anyone can swing around to it. The desk or table should have on it only the tools necessary for efficient work—nothing more; out-going and in-coming file baskets, ink stand and pen rack—little else. Other necessary implements should go inside the desk.

As to the nature of the papers and documents kept in the private files a word should be said. A safe rule to go by is that only such papers should be kept privately as in no case will ever be wanted by any other person in the company. Otherwise they should go to the general files. It is largely a matter of personal decision, and laxity in this direction may be expensive. A recent court decision along this line is interesting. A case which involved the payment of some thousands of dollars had been decided against a company because a certain point could not be sustained by documentary evidence. The necessary paper having later been found in the president's personal file appeal was made to reopen the case. The court refused, saying that doubtless somewhere else a paper existed abrogating this document and that anyhow the case had to close somewhere. The general files of the company should be the final repository for all papers which can ever be used by more than one man.

General Equipment

Turning to the general equipment of the insurance company we will take it for granted that certain mechanical devices are fully used, such for instance as adding and computing machines, Hollerith machines for statistical and accounting purposes, photography for facsimiles of applications, and will take up a few systems which will show method primarily rather than mechanics.

First the filing of applications and papers pertaining to policies. For this purpose we will assume that the

vertical file has had such a thorough trying out that it is now practically admitted to be the best mechanical means for filing the great bulk of the papers of an insurance company—for applications in the life company, and for duplicate dailies in the fire company. The old-fashioned document file still has its use, but not for applications. Here the constant consultation of them requires if they are folded an enormous amount of waste motion in unfolding and folding up again the papers. In one large insurance company these unnecessary motions were figured to amount to no less than three or four millions in the course of a year and most of them came on the department heads and officers of the company, a fact which made them all the more serious. This fact alone is enough to condemn document files for applications; but further than this there is a saving of space involved in the use of the vertical file which is also important. Where papers do require folding and filing in document shape a vertical file drawer is now largely replacing the individual document file. This takes three rows of files to the drawer, the drawer itself being on roller slides the same as the regular vertical file drawer.

The choice of jacket or folder for the files is important. A very satisfactory filing folder has two flaps, one about half the depth of the folder and the other a full depth flap with a window cut in it so that the data necessary to filing is always in sight. A tape is fastened across the top of the folder and the application reduced to the proper form is made to ride on this tape. The medical examiner's report if separate from the application is pasted to the back sheet of the application. All papers pertaining to the risk are fastened to the back of the folder by means of fasteners, the home office data sheet, in case one is used, always being on the top of this bunch of papers. This folder makes the most complete sort of a bundle possible of everything pertaining to the policy.

The application is easily gotten at, and the tape insures it from being lost from the folder, although it can easily be withdrawn when desired. The folder is often made of some distinctive color so that when lying on a desk in the midst of other papers it may be easily recognized. When applications are taken from the files out-guides are inserted in their places showing when and by whom taken. This enables the clerk who has charge of the files to know every minute just where the applications are, and if they do not come back within a reasonable time to hunt them up.

Card systems are used for so many different purposes in the up-to-date life insurance company that it is difficult to select any one system to illustrate their use. Probably, however, the one system which has proved its worth most thoroughly as a labor-saving device is that of the tab card for premium renewal accounts. This system is now so familiar to any one acquainted with life insurance work that it is not necessary to go very much into its detail. The card carries more or less information according to the ideas of the officers in the company in which it is used, but its main object is to keep account of premium payments. It is tabbed with monthly tabs according to the way in which the payments on the policy are made and filed by agencies. The tabs give an automatic check on renewals, and from the cards the renewal notices are made out each month. The cards themselves are withdrawn until the record of payment is entered on them and are then returned to the files. The file represents only active policies, since all cards for policies cancelled or matured are placed in files by themselves.

Another system which is just coming into prominence in the life insurance companies involves the use of a card made of transparent stock which can be blue-printed. This card takes the place of the policy register, but also carries so much additional information that it can take

the place of the application when the policy is being looked up. The mortality records, too, are entered on this card so that the records for all policies are always complete. When information on a policy contract is desired a blue-print of the card is furnished, thereby obviating the necessity of a hand-written transcript with its liability of error and greater cost. This system has not been in use long enough to place it on the same basis as the premium renewal system, but it can be mentioned as one of the newer uses of cards showing the possibilities in this field.

New and improved mechanical devices for facilitating the operation of card systems are being found constantly. An up-to-date type of desk which can be used for many different card records is the "tub" type which allows the operator to sit down to his work. He can thus have within reach from 15,000 to 20,000 cards depending on the size of the card used. A desk of this sort is in use in one of the big insurance companies for their loan records.

In the life insurance company agency records will correspond somewhat to the home office, although of course they are much fewer in number. The agency is the feeder of the home office and much more attention has been paid of late years to systematic business-getting records. The successful agency now-a-days does not leave it entirely to its field force to keep track of prospects. It realizes that it is well worth while to have these records in the proper form to keep permanently no matter what becomes of the individual agent. The best way to keep such a record is by means of a tab card which may be either 3 x 5 inches or 4 x 6 inches in size. This card is tabbed with the birthday month of the prospect and carries all the necessary information about him. The master card is kept in a central file in the office. The agents use a similar card, carried in a wallet or padded

so as to be in convenient form for use in field work and on the back of which is given an opportunity to put down a record of calls made and the results. These slips are kept by the agent himself and make up his working list. The important data on each case is all transcribed to the master card and kept in a central file. This method of co-operating with the field force has proved itself to be well worth while in a great many companies.

Turning from the life to the fire insurance field it is safe to say that methods here have been improved as much within the past decade as in the life companies. The vertical file has been tried out and firmly established as the best system for filing duplicate dailies, but other labor saving systems have also been introduced. A system in use in a Boston fire insurance company will give a fair example of the change. It applies to home office as well as to agency work.

Instead of the policy, expiration card, and expiration notice being made out separately, they are now made all at the same time by the use of a Fisher typewriter. When an application for insurance comes in and it has been accepted, the daily is at once made out in indelible pencil and the risk charted. Then the daily is sent to the Fisher machines. A plain sheet 10 x 15 inches is first put down, different colors being used for the different companies: then, in succession, a plain 5 x 8 inch sheet, an expiration notice blank, and finally the insurance policy itself on top. These are all arranged so that they will tally in the proper places. The 10 x 15 inch sheet carries the entire policy record. To it are attached the different forms, also all correspondence and papers pertaining to the risk, and it is filed in a legal size vertical file by company and policy number. The blank 5 x 8 inch sheets are punched for binders and from it the ledger clerks post, filing them finally in binders.

The unique feature of the system is the expiration

notice. This is filed by year, month, and day in a cabinet and the tabs are a check against mis-filing, since both the year and month tabs must line up with those already in the drawer. They take the place of, and are handled somewhat in the same way as, expiration cards. Towards the end of any month all the notices for the succeeding month are taken out, and from the files the policy record corresponding to each notice. The notices are then sent to the proper agents and when a renewal comes in it is attended to directly from the policy record itself and the whole system begins over again.

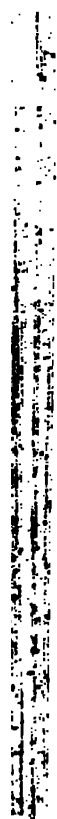
The result of the above scheme is that in one operation there is now done what formerly took three; namely, the policy, expiration record, and notice of expiration. One thing worthy of note is that there is no alphabetical list at all. The only answer is that from experience it is found that it is not needed, since ninety-nine times out of a hundred either the policy number or the date of expiration is known. As a last resort of course there is the ledger account.

By these meagre descriptions of certain systems applied to the insurance business we have only been able to show some of the possibilities. In no business is there such an enormous amount of detail to be cared for as in insurance, and although through the constant interchange of ideas which is always going on between companies the tendency is for methods to be somewhat standardized, yet in any two equally efficient companies great differences will be found. The reason is that these big organizations have not sprung into existence full grown but are the result of growth. Systems which were adequate once have often been greatly discounted in a very short time by new inventions and methods never before thought of, or rendered wholly incomplete by changes outside of the insurance company itself—such for instance as changes in legal requirements. It is physically impossible for the

insurance company to adjust itself at once to make use of everything that its officers recognize as being the best, and yet initiative and foresight often accomplish in one company what is considered impossible by another.

Here again, as in planning new plants, insurance is using the outsider to advantage to confer and advise with its officers and bring in a different view-point. Even in organizations which are known to be efficient, and where few changes are made as a result of study by the expert, there is a certain satisfaction to those in charge to have this audit of systems. It is only another means of keeping themselves assured that they are making use of all the improved methods possible.

PART VIII
FORMS AND PRECEDENTS



CHAPTER LXXXIV
FIRE AND MARINE POLICIES
Form 1—Early English Fire Policy

.....

Number (2966).

This present Instrument or Policy of Assurance witnesseth That
Whereas *William Paine of St Andrews Holborn Carpentr* Is become a Member
of the Society for securing Houses from losse by Fire, by mutuall contribucon
Now in consideracon of the sume of *fourteen shillings* paid in hand by the said
William Paine to *William Hale* of *Kinges Walden* in the County of *Hartford Esqre*,
And *Henry Spelman* of *London Esqre*, being the *whole* annuall payment for securing
the Sume of *One hundred & fifty Pounds* to the said *William Paine* his Exs Admrs
and Assignes On a *Brick House* scituate on the *East side of Darby Court* in the *Parish*
of *St. Margretts Westminster* betweene a *voyd Peice of Ground* and another house of his
owns now in the possession of the said *William Paine* for the Terme of *Seaven* yeares
(and dayes, *deleted*) now to come according to the true intent and mean-
ing of one Indenture or Deed importing a Method and Rules for securing Houses
from losse by Fire, bearing date the *Eight & Twentieth* day of *August* in the *Yeare*
of our Lord 1684 made betweene the said *William Hale* and *Henry Spelman* of the
one pt, And ye Rt Worppll Sr *Henry Tulse* Late Maior of the *Citty of London*, and
others Trustees therein named of the other part, Inrolled in the *High Court of*
Chancery.

Now, Know yee that They ye said *William Hale & Henry Spelman Doe* desire
direct and appoint the Trustees aforesaid according to the said Indenture to pay
and satisfy unto the said *William Paine* his Exrs Admrs or [Assignes by Endorse-
ment on this present Policy] the sume of *One hundred & fifty* pounds at the end of
Sixty dayes after the said house shall be burnt downe Blowne up demolished or
damnified by or by reason or meanes of fire, and so often as any new house to be
built in the place thereof shal be burnt downe, Blowne up demolished or damnified
by or by reason or meanes of Fire, within the said Terme the like sume of *One*
hundred & fifty pounds if the said *William Hale* or *Henry Spelman* their Deputies
or Assignes, or some or one of them shall not within the said *Sixty* dayes pay unto
the sd *William Paine* his Exrs Admrs or Assignes the said Sume of *One hundred &*
fifty pounds, or in case the said House, or such new house be only damnified, then
if such house be not repaired and put in as good Condition as the same was before
at the charge of the said *William Hale* and *Henry Spelman* their Deputies or As-
signes within *Sixty* dayes after such damnificacon shall happen. Wittness our
hands and Seales the *Eleaventh* day of *Decembr*, Anno Dom. 1686.

Sealed and Delivered
in the Presence of

Ri: WALKER.
Ro: WHITE.

JAM: SPELMAN, Depty [SEAL]
HEN: SPELMAN. [SEAL]

*The impression on the Seal is not clear, but it
seems to represent Hale's Crest (p. 66) so
that the Sheaf of Arrows may be deemed to
have been the Mark of the Society from the
time of its Establishment.*

Memorandum That the wthin named *William Paine* for the better security of
ye paymt of the sume of *Two hundred & six* pounds of Lawfull money of *England*

to Henry Harding of the Parish of St. Margaretta Westmr in the County of Middx Gent, and John Hall of ye same Parish shoemaker According to a certaine Indenture of Assignment by way of Mortgage beareing date the three & twentieth day of November last past before the date hereof made Between Elisabeth Bromhall of London Widow & the sd William Paine of the One part, and ye sd Henry Harding & John Hall of ye other part of ye House wthin menconed and of One other house scituate on the East side of Darby Court in Westmr aforesd now in ye possession of ye sd Wm Paine, Hath Assigned Transferred and sett over and by these presents doth Assigne, transferr and sett over unto the sd Henry Harding and John Hall their Executor Admrs & Assignes the within written Instrument or Policy of Assurance and all moneyes benefitff Profitff & advantage which shall or may arise grow or become due or to be had or recovered thereupon. And all the Right Title clayme & Demand of him the sd William Paine of in or to the Same. Provided allwayes and it is agreed Between ye sd parties That the sd Henry Harding & John Hall their Execrs Admrs or Assignes shall surrender & reassigne this Instrument or Policy of Assurance to ye sd William Paine his Execrs Admrs or Assignes upon payment of ye sd Sume of Two hundred and six pounds as aforesd. In witness whereof the sd William Paine hath hereunto sett his hand and Scale this Eighteenth day of December Annoq: Dni 1686.

Sealed and delivered

in the presence of

STEPHEN BOMONT.
BARTH. BALDWIN.

WILLIAM PAINE. [SEAL]

Memorand. That the above-named Henry Harding and John Hall (by and with the Consent and direction of the within named William Paine) for diverse good Causes and Consideracons them hereunto moving, Have assigned transferred and set over and by these presents do clearly and absolutely assigne transferr and set over unto Edward Hooper of the parish of St. Martin in the fields in the County of Middx Coachmaker his executors administrators and assignes the within-written Instrument or Policy of Assurance; and all moneyes benefit profit and advantage which shall or may arise, growe or become due, or to be had or recovered thereupon, and also the above written Assignment, and all the Right, Title, Clayme and demand of them the said Henry Harding and John Hall of in or to the same. In witness whereof they have hereunto set their hands and Seales the three & twentyeth day of May, Anno Dni 1687.

Seal and delivered

in the presence of

BARTH. BALDWIN.
the mark of
RICHD. + MORGAN.
Ri: BRATNE.

WILLIAM PAINE. [SEAL]
HEN. HARDING. [SEAL]
JOHN HALL. [SEAL]

Form 2—English Fire Policy

THE.....INSURANCE COMPANY

THIS POLICY OF INSURANCE WITNESSETH that.....
.....(hereinafter called the Insured), having paid
to.....INSURANCE COMPANY Limited (herein-
after called the Company), the Sum of.....
for insuring against Loss or Damage by Fire, as hereinafter mentioned, the Property
hereinafter described, in the sum or several sums following, namely:—

Loss or Damage to Property occasioned by Lightning, will be deemed to be Loss or Damage by Fire under the Conditions of this Policy.

The Agents of the Company shall in no case be made personally responsible on account of any legal or other investigation, which they may find it necessary to institute for the satisfaction of the Company; nor can their personal property be attached on account of any alleged Loss by the Insured. If the Insured should commence such proceedings against the Agents, it is hereby declared and stipulated, that the said Insured shall forfeit thereby all Claim under this Policy upon the Company for Loss or Damage sustained, and shall moreover be responsible for all expenses which shall accrue in consequence of such proceedings.

THE COMPANY hereby agrees with the Insured (but subject to the conditions endorsed hereon, which are to be taken as part of this Policy) that if the Property above described, or any part thereof, shall be destroyed or damaged by Fire, at any time between the..... day of....., and Four o'clock in the afternoon of the..... day of..... or at any time afterwards, so long as the Insured or..... Representatives in interest, shall pay to the Company and they shall accept the sum required for the renewal of this Policy, on or before the..... day of..... and at the expiration of every..... calendar month thereafter the Company will pay or make good to the Insured all such Loss or Damage, to an amount not exceeding in respect of each or any of the several matters above specified the sum set opposite thereto respectively, and not exceeding in the whole the sum of.....

IN WITNESS whereof, being fully and duly authorised and empowered by the Directors of the said Company, have hereunto set Hand and Seal at this..... day of..... in the year of our Lord One Thousand Nine Hundred and.....
 Examined } For and on behalf of the Company,
 and }[SEAL]
 Entered } Agent of the said Company.

THE CONDITIONS REFERRED TO IN THIS POLICY ARE AS FOLLOW :—

1. If there be any material misdescription of any of the property hereby insured, or of any Building or Place in which such property is contained, or any misrepresentation as to any fact material to be known for estimating the Risk, or any omission to state such fact, the Company shall not be liable upon this Policy so far as it relates to property affected by any such misdescription, misrepresentation or omission.
2. No payment in respect of any premium shall be deemed to be payment to the Company unless a printed form of receipt for the same signed by an Official or duly appointed Agent of the Company shall have been given to the Insured.
3. The Insured shall give notice to the Company of any Insurance or Insurances already effected, or which may subsequently be effected, covering any of the property hereby insured, and unless such notice be given and the particulars of such Insurance or Insurances be stated in or endorsed on this Policy by or on behalf of the Company before the occurrence of any loss or damage, the Insured shall not be entitled to any benefit under this Policy.
4. If the whole or any part of any Building hereby insured or containing property hereby insured or the whole or any part of any Building of which it is part shall fall or become displaced, all Insurance by this Policy on it or its contents shall cease unless the Insured shall prove that the fall or displacement was caused by fire.
5. The Insurance does not cover
 - (a) Loss by theft during or after the occurrence of a fire.
 - (b) Loss or damage to property occasioned by its own fermentation or natural heating (except as may be provided in accordance with Condition 6 f), or by its undergoing any heating or drying process.
 - (c) Loss or damage occasioned by or through or in consequence of
 - (1) The burning of property by order of any public authority.
 - (2) Subterranean Fire.

- (d) Loss or damage directly or indirectly, proximately or remotely, occasioned or contributed to by typhoon, hurricane, volcanic eruption, earthquake or other convulsion of nature or by any consequence of any of the said occurrences, and, in the event of the Insured making any claim for loss or damage under this Policy, he shall (if so required by the Company within 15 days of the receipt of the notification of the loss) prove to the satisfaction of the Company that the loss or damage arose independently of and was in no way occasioned or contributed to by any of the said occurrences or any consequences thereof, and in default of such proof the Company shall not be liable for such loss or damage, or any part thereof.
 - (e) Loss or damage directly or indirectly, proximately or remotely, occasioned or contributed to by or arising out of or in connection with invasion, the act of foreign enemy, hostilities or warlike operations (whether before or after declaration of war), riot, civil commotion, rebellion, the exercise of military or usurped power, the administration of any place or area under martial law or in a state of siege, any of the events or causes which determined the proclamation or maintenance of martial law or state of siege or any consequence of any of the said occurrences, and in the event of loss or damage arising during any of such occurrences the Company shall not be liable unless it be proved by the Insured to the satisfaction of the Company that the loss or damage arose independently of and was in no way occasioned or contributed to by any of the said occurrences.
6. Unless otherwise expressly stated in the Policy the Insurance does not cover
- (a) Goods held in trust or on commission.
 - (b) Bullion or unset precious stones.
 - (c) Any curiosity or work of art for an amount exceeding £20.
 - (d) Manuscripts, plans, drawings, or designs, patterns, models or moulds.
 - (e) Securities, obligations, or documents of any kind, stamps, coined or paper money, cheques, books of account or other business books.
 - (f) Coal, against loss or damage occasioned by its own spontaneous combustion.
 - (g) Explosives.
 - (h) Loss or damage occasioned by explosion; but loss or damage by explosion of gas used for illuminating or domestic purposes in a Building in which gas is not generated and which does not form part of any gas works, will be deemed to be loss by fire within the meaning of this policy.
 - (i) Loss or damage occasioned by or through or in consequence of the burning, whether accidental or otherwise, of forests, bush, prairie, pampas or jungle, and the clearing of lands by fire.
7. Under any of the following circumstances the Insurance ceases to attach as regards the property affected unless the Insured, before the occurrence of any loss or damage, obtains the sanction of the Company signified by endorsement upon the Policy, by or on behalf of the Company.
- (a) If the trade or manufacture carried on be altered, or if the nature of the occupation of or other circumstances affecting the Building insured or containing the insured property be changed in such a way as to increase the risk of loss or damage by fire.
 - (b) If the Building insured or containing the insured property become unoccupied and so remain for a period of more than 30 days.
 - (c) If property insured be removed to any Building or Place other than that in which it is herein stated to be insured.
 - (d) If the interest in the property insured pass from the Insured otherwise than by Will or operation of law.

8. The Insurance does not cover any loss or damage to property which, at the time of the happening of such loss or damage, is insured by or would, but for the existence of this Policy, be insured by any Marine Policy or Policies except in respect of any excess beyond the amount which would have been payable under the Marine Policy or Policies had this Insurance not been effected.

9. The Insurance may be terminated at any time at the request of the Insured, in which case the Company will retain the customary short period rate for the time the Policy has been in force. The Insurance may also at any time be terminated at the option of the Company, on notice to that effect being given to the Insured, in which case the Company shall be liable to repay on demand a ratable proportion of the premium for the unexpired term from the date of the cancelment.

10. On the happening of any loss or damage the Insured shall forthwith give notice thereof to the Company, and shall within 15 days after the loss or damage, or such further time as the Company may in writing allow in that behalf, deliver to the Company.

(a) A claim in writing for the loss and damage containing as particular an account as may be reasonably practicable of all the several articles or items of property damaged or destroyed, and of the amount of the loss or damage thereto respectively, having regard to their value at the time of the loss or damage, not including profit of any kind.

(b) Particulars of all other Insurances, if any.

The Insured shall also at all times at his own expense produce, procure and give to the Company all such further particulars, plans, specifications, books, vouchers, invoices, duplicates or copies thereof, documents, proofs and information with respect to the claim and the origin and cause of the fire and the circumstances under which the loss or damage occurred, and any matter touching the liability or the amount of the liability of the Company as may be reasonably required by or on behalf of the Company together with a declaration on oath or in other legal form of the truth of the claim and of any matters connected therewith.

No claim under this Policy shall be payable unless the terms of this condition have been complied with.

11. On the happening of any loss or damage, the Company may, so long as the claim is not adjusted and without incurring any liability

(a) Enter and take and keep possession of the building or premises where the loss or damage has happened.

(b) Take possession of or require to be delivered to it any property of the Insured in the building or on the premises at the time of the loss or damage.

(c) Examine, sort, arrange or remove all or any of such property.

(d) Sell or dispose of, for account of whom it may concern, any salvage or other property taken possession of or removed.

In no case shall the Company be obliged to undertake the sale or disposal of damaged goods, nor shall the Insured under any circumstances have the right to abandon to the Company any property, damaged or undamaged, whether taken possession of by the Company or not. Entry upon, or taking possession of premises by the Company shall not be taken as recognition of abandonment by the Insured.

12. If the claim be in any respect fraudulent, or if any false declaration be made or used in support thereof, or if any fraudulent means or devices are used by the Insured or any one acting on his behalf to obtain any benefit under this Policy; or, if the loss or damage be occasioned by the wilful act, or with the connivance of the Insured; or, if the Insured or anyone acting on his behalf shall hinder or obstruct the Company in doing any of the acts referred to in Condition 11; or, if the claim be made and rejected and an action or suit be not commenced within three months after such rejection, or (in case of an Arbitration taking place in pursuance of the 17th Condition of this Policy) within three months after the Arbitrator or Arbitrators or Umpire shall have made their award, all benefit under this Policy shall be forfeited.

13. The Company may at its option reinstate or replace the property damaged or destroyed, or any part thereof, instead of paying the amount of the loss or damage, or may join with any other Company or Insurers in so doing, but the Company shall not be bound to reinstate exactly or completely, but only as circumstances permit and in reasonably sufficient manner, and in no case shall the Company be bound to expend more in reinstatement than it would have cost to reinstate such property, as it was at the time of the occurrence of such loss or damage, nor more than the sum insured by the Company thereon.

If the Company so elect to reinstate or replace any property the Insured shall, at his own expense, furnish the Company with such plans, specifications, measurements, quantities, and such other particulars as the Company may require, and no acts done, or caused to be done by the Company with a view to reinstatement or replacement shall be deemed an election by the Company to reinstate or replace.

If in any case the Company shall be unable to reinstate or repair the property hereby insured, because of any Municipal or other regulations in force affecting the alignment of streets, or the construction of buildings, or otherwise, the Company shall, in every such case, only be liable to pay such sum as would be requisite to reinstate or repair such property if the same could lawfully be reinstated to its former condition.

14. The Insured shall, at the expense of the Company, do, and concur in doing, and permit to be done, all such acts and things as may be necessary or reasonably required by the Company for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from other parties to which the Company shall be or would become entitled or subrogated, upon its paying for or making good any loss or damage under this Policy, whether such acts and things shall be or become necessary or required before or after his indemnification by the Company.

15. If at the time of any loss or damage happening to any property hereby insured, there be any other subsisting Insurance or Insurances, whether effected by the Insured or by any other person or persons, covering the same property, this Company shall not be liable to pay or contribute more than its ratable proportion of such loss or damage.

16. In all cases where any other subsisting Insurance or Insurances, effected by the Insured or by any other person or persons covering any of the property hereby insured, either exclusively or together with any other property in and subject to the same Risk only, shall be subject to average, the Insurance on such property under this Policy shall be subject to average in like manner.

17. If any difference arises as to the amount of any loss or damage, or any other claim against the Company, or touching the rights, duties, and liabilities of the Claimant under this Policy, or the Company, in respect of any matter in any way relating to or arising out of this Policy, such difference shall independently of all other questions be referred to the decision of an Arbitrator, to be appointed in writing by the parties in difference, or, if they cannot agree upon a single Arbitrator, to the decision of two disinterested persons as Arbitrators, of whom one shall be appointed in writing by each of the parties within two calendar months after having been required so to do in writing by the other party. In case either party shall refuse or fail to appoint an Arbitrator within two calendar months after receipt of notice in writing requiring an appointment, the other party shall be at liberty to appoint a sole Arbitrator; and in case of disagreement between the Arbitrators, the difference shall be referred to the decision of an Umpire who shall have been appointed by them in writing before entering on the reference, and who shall sit with the Arbitrators and preside at their meetings. The death of any party shall not revoke or affect the authority or powers of the Arbitrator, Arbitrators or Umpire respectively; and in the event of the death of an Arbitrator or Umpire, another shall in each case be appointed in his stead by the party or Arbitrators (as the case may be) by whom the Arbitrator or Umpire so dying was appointed. The costs of the reference and of the award shall be in the discretion of the Arbitrator, Arbitrators or Umpire making the award. And it is hereby expressly stipulated and declared that it shall be a condition precedent to any right of action or suit upon this Policy that the award by such Arbitrator, Arbitrators or Umpire of the amount of the loss or damage if disputed shall be first obtained.

18. In no case whatever shall the Company be liable for any loss or damage after the expiration of twelve months from the happening of the loss or damage unless the claim is the subject of pending action or arbitration.

19. Every notice and other communication to the Company required by these Conditions must be written or printed.

*Form 3—Standard Fire Policy
(New York form)*

THE FIRE INSURANCE COMPANY OF

Amount, \$..... Rate..... Premium, \$.....

IN CONSIDERATION of the Stipulations herein named and of Dollars Premium,
Does Insure for the term of
from the day of 19... at noon
to the day of 19... at noon
against all direct loss or damage by fire except as hereinafter provided,
To an amount not exceeding..... Dollars,
on the following described property while located and contained as described herein
and not elsewhere, to wit:.....

This Policy is made and accepted subject to the stipulations and conditions printed on back hereof, which are hereby specially referred to and made a part of this Policy, together with such other provisions, agreements, or conditions as may be endorsed hereon or added hereto; and no officer, agent, or other representative of this Company shall have power to waive any provision or condition of this Policy except such as by the terms of this Policy may be the subject of agreement endorsed hereon or added hereto; and as to such provisions and conditions no officer, agent, or representative shall have such power or be deemed or held to have waived such provisions or conditions unless such waiver, if any, shall be written upon or attached hereto, nor shall any privilege or permission affecting the insurance under this Policy exist or be claimed by the insured unless so written or attached.

"Provisions required by law to be stated in this policy."—This policy is in a stock corporation.

In Witness Whereof, this Company has executed and attested these presents; but this policy shall not be valid until countersigned by the duly authorised Agent of the Company, at.....

Secretary.

President.

Countersigned at.....
this day of 19.....

Agent.

This company shall not be liable beyond the actual cash value of the property at the time any loss or damage occurs, and the loss or damage shall be ascertained or estimated according to such actual cash value, with proper deduction for depreciation however caused, and shall in no event exceed what it would then cost the insured to repair or replace the same with material of like kind and quality; said ascertainment or estimate shall be made by the insured and this company, or, if they differ, then by appraisers, as hereinafter provided; and, the amount of loss or damage having been thus determined, the sum for which this company is liable

pursuant to this policy shall be payable sixty days after due notice, ascertainment, estimate, and satisfactory proof of the loss have been received by this company in accordance with the terms of this policy. It shall be optional, however, with this company to take all, or any part, of the articles at such ascertained or appraised value, and also to repair, rebuild, or replace the property lost or damaged with other of like kind and quality within a reasonable time on giving notice, within thirty days after the receipt of the proof herein required, of its intention so to do; but there can be no abandonment to this company of the property described.

This entire policy shall be void if the insured has concealed or misrepresented, in writing or otherwise, any material fact or circumstance concerning this insurance or the subject thereof; or if the interest of the insured in the property be not truly stated herein; or in case of any fraud or false swearing by the insured touching any matter relating to this insurance or the subject thereof, whether before or after a loss.

This entire policy, unless otherwise provided by agreement indorsed hereon or added hereto, shall be void if the insured now has or shall hereafter make or procure any other contract of insurance, whether valid or not, on property covered in whole or in part by this policy; or if the subject of insurance be a manufacturing establishment and it be operated in whole or in part at night later than ten o'clock, or if it cease to be operated for more than ten consecutive days; or if the hazard be increased by any means within the control or knowledge of the insured; or if mechanics be employed in building, altering, or repairing the within described premises for more than fifteen days at any one time; or if the interest of the insured be other than unconditional and sole ownership; or if the subject of insurance be a building on ground not owned by the insured in fee-simple; or if the subject of insurance be personal property and be or become incumbered by a chattel mortgage; or if, with the knowledge of the insured, foreclosure proceedings be commenced or notice given of sale of any property covered by this policy by virtue of any mortgage or trust deed; or if any change, other than by the death of an insured, take place in the interest, title, or possession of the subject of insurance (except change of occupants without increase of hazard) whether by legal process or judgment or by voluntary act of the insured, or otherwise; or if this policy be assigned before a loss; or if illuminating gas or vapor be generated in the described building (or adjacent thereto) for use therein; or if (any usage or custom of trade or manufacture to the contrary notwithstanding) there be kept, used, or allowed on the above described premises, benzine, benzole, dynamite, ether, fireworks, gasoline, greek fire, gunpowder exceeding twenty-five pounds in quantity, naphtha, nitro-glycerine or other explosives, phosphorus, or petroleum or any of its products of greater inflammability than kerosene oil of the United States standard, (which last may be used for lights and kept for sale according to law but in quantities not exceeding five barrels, provided it be drawn and lamps filled by daylight or at a distance not less than ten feet from artificial light); or if a building herein described, whether intended for occupancy by owner or tenant, be or become vacant or unoccupied and so remain for ten days.

This company shall not be liable for loss caused directly or indirectly by invasion, insurrection, riot, civil war or commotion, or military or usurped power, or by order of any civil authority; or by theft; or by neglect of the insured to use all reasonable means to save and preserve the property at and after a fire or when the property is endangered by fire in neighboring premises; or (unless fire ensues, and, in that event, for the damage by fire only) by explosion of any kind, or lightning; but liability for direct damage by lightning may be assumed by specific agreement hereon.

If a building or any part thereof fall, except as the result of fire, all insurance by this policy on such building or its contents shall immediately cease.

This company shall not be liable for loss to accounts, bills, currency, deeds, evidences of debt, money, notes, or securities; nor, unless liability is specifically assumed hereon, for loss to awnings, bullion, casts, curiosities, drawings, dies, implements, jewels, manuscripts, medals, models, patterns, pictures, scientific apparatus, signs, store or office furniture or fixtures, sculpture, tools, or property held on storage or for repairs; nor, beyond the actual value destroyed by fire, for loss

occasioned by ordinance or law regulating construction or repair of buildings, or by interruption of business, manufacturing processes, or otherwise; nor for any greater proportion of the value of plate glass, frescoes, and decorations than that which this policy shall bear to the whole insurance on the building described.

If an application, survey, plan, or description of property be referred to in this policy it shall be a part of this contract and a warranty by the insured.

In any matter relating to this insurance no person, unless duly authorized in writing, shall be deemed the agent of this company.

This policy may by a renewal be continued under the original stipulations, in consideration of premium for the renewed term, provided that any increase of hazard must be made known to this company at the time of renewal or this policy shall be void.

This policy shall be canceled at any time at the request of the insured; or by the company by giving five days notice of such cancellation. If this policy shall be canceled as hereinbefore provided, or become void or cease, the premium having been actually paid, the unearned portion shall be returned on surrender of this policy or last renewal, this company retaining the customary short rate; except that when this policy is canceled by this company by giving notice it shall retain only the *pro rata* premium.

If, with the consent of this company, an interest under this policy shall exist in favor of a mortgagee or of any person or corporation having an interest in the subject of insurance other than the interest of the insured as described herein, the conditions hereinbefore contained shall apply in the manner expressed in such provisions and conditions of insurance relating to such interest as shall be written upon, attached, or appended hereto.

If property covered by this policy is so endangered by fire as to require removal to a place of safety, and is so removed, that part of this policy in excess of its proportion of any loss and of the value of property remaining in the original location, shall for the ensuing five days only, cover the property so removed in the new location; if removed to more than one location, such excess of this policy shall cover therein for such five days in the proportion that the value in any one such new location, bears to the value in all such new locations; but this company shall not, in any case of removal, whether to one or more locations, be liable beyond the proportion that the amount hereby insured shall bear to the total insurance on the whole property at the time of fire, whether the same cover in new location or not.

If fire occur the insured shall give immediate notice of any loss thereby in writing to this company, protect the property from further damage, forthwith separate the damaged and undamaged personal property, put it in the best possible order, make a complete inventory of the same, stating the quantity and cost of each article and the amount claimed thereon; and, within sixty days after the fire, unless such time is extended in writing by this company, shall render a statement to this company, signed and sworn to by said insured, stating the knowledge and belief of the insured as to the time and origin of the fire; the interest of the insured and of all others in the property; the cash value of each item thereof and the amount of loss thereon; all incumbrances thereon; all other insurance, whether valid or not, covering any of said property; and a copy of all the descriptions and schedules in all policies; any changes in the title, use, occupation, location, possession, or exposures of said property since the issuing of this policy; by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of fire; and shall furnish, if required, verified plans and specifications of any building, fixtures, or machinery destroyed or damaged; and shall also, if required, furnish a certificate of the magistrate or notary public (not interested in the claim as a creditor or otherwise, nor related to the insured) living nearest the place of fire, stating that he has examined the circumstances and believes the insured has honestly sustained loss to the amount that such magistrate or notary public shall certify.

The insured, as often as required, shall exhibit to any person designated by this company all that remains of any property herein described, and submit to examinations under oath by any person named by this company, and subscribe the same and, as often as required, shall produce for examination all books of account, bills,

invoices, and other vouchers, or certified copies thereof if originals be lost, at such reasonable place as may be designated by this company or its representative, and shall permit extracts and copies thereof to be made.

In the event of disagreement as to the amount of loss the same shall, as above provided, be ascertained by two competent and disinterested appraisers, the insured and this company each selecting one, and the two so chosen shall first select a competent and disinterested umpire; the appraisers together shall then estimate and appraise the loss, stating separately sound value and damage, and, failing to agree shall submit their differences to the umpire; and the award in writing of any two shall determine the amount of such loss; the parties thereto shall pay the appraiser respectively selected by them and shall bear equally the expenses of the appraisal and umpire.

This company shall not be held to have waived any provision or condition of this policy or any forfeiture thereof by any requirement, act, or proceeding on its part relating to the appraisal or to any examination herein provided for; and the loss shall not become payable until sixty days after the notice, ascertainment, estimate, and satisfactory proof of the loss herein required have been received by this company, including an award by appraisers when appraisal has been required.

This company shall not be liable under this policy for a greater proportion of any loss on the described property, or for loss by and expense of removal from premises endangered by fire, than the amount hereby insured shall bear to the whole insurance, whether valid or not, or by solvent or insolvent insurers, covering such property, and the extent of the application of the insurance under this policy or of the contribution to be made by this company in case of loss, may be provided for by agreement or condition written hereon or attached or appended hereto. Liability for re-insurance shall be as specifically agreed hereon.

If this company shall claim that the fire was caused by the act or neglect of any person or corporation, private or municipal, this company shall, on payment of the loss, be subrogated to the extent of such payment to all right of recovery by the insured for the loss resulting therefrom, and such right shall be assigned to this company by the insured on receiving such payment.

No suit or action on this policy, for the recovery of any claim, shall be sustainable in any court of law or equity until after full compliance by the insured with all the foregoing requirements, nor unless commenced within twelve months next after the fire.

Wherever in this policy the word "insured" occurs, it shall be held to include the legal representative of the insured, and wherever the word "loss" occurs, it shall be deemed the equivalent of "loss or damage."

If this policy be made by a mutual or other company having special regulations lawfully applicable to its organisation, membership, policies or contracts of insurance, such regulations shall apply to and form a part of this policy as the same may be written or printed upon, attached, or appended hereto.

.....

Form 4—Marine Cargo Policy

.....

THE.....INSURANCE COMPANY

No.....

Cargo

.....On Account Of.....

In case of loss to be paid in funds current in the United States, to.....

Do.....make Insurance, and cause.....

to be insured, lost or not lost, at and from.....
 upon all kinds of lawful goods and merchandises, laden or to be laden on board
 the good.....
 whereof is master for this present voyage.....or
 whoever else shall go as master in the said vessel, or by whatever other name or
 names the said vessel, or the master thereof, is or shall be named or called.

BEGINNING the adventure upon the said goods and merchandises, from and
 immediately following the loading thereof on board of the said vessel, as aforesaid,
 and so shall continue and endure until the said goods and merchandises shall be
 safely landed as aforesaid. AND it shall and may be lawful for the said vessel, in
 her voyage, to proceed and sail to, touch and stay at, any ports or places, if there-
 unto obliged by stress of weather, or other unavoidable accident, without prejudice
 to this insurance. The said goods and merchandises, hereby insured, are valued
 (premium included) at

Touching the adventures and perils which the said Insurance Company is
 contented to bear, and takes upon itself in this voyage, they are of the seas, fires,
 men-of-war, enemies, pirates, rovers, thieves, letters of mart and countermart,
 surprisals, takings at sea, jettison, barratry of the master and mariners, unless the
 assured on cargo be a part owner of the vessel, arrests, restraints, and detentions
 of all kings, princes and people of what nation, condition or quality soever, and all
 other perils, losses and misfortunes (illicit or contraband trade excepted in all cases)
 that have or shall come to the hurt, detriment or damage of the said goods and
 merchandise or any part thereof. AND in case of any loss or misfortune, it shall be
 lawful and necessary to and for the assured, his or their factors, servants and as-
 signs, to sue, labor and travel for, in and about the defence, safeguard and recovery
 of the said goods and merchandises, or any part thereof, without prejudice to this
 insurance; nor shall the acts of the assured or insurers, in recovering, saving and
 preserving the property insured, in case of disaster, be considered a waiver or an
 acceptance of abandonment; to the charges whereof, the said Insurance Company
 will contribute according to the rate and quantity of the sum herein insured: hav-
 ing been paid the consideration for this insurance by the assured, or his or their
 assigns, at and after the rate of

AND in case of loss, such loss to be paid in thirty days after proof of loss, proof
 of interest, and adjustment exhibited to the insurers (the amount of the Note given
 for the premium, if unpaid, and all sums due to the Company from the assured
 when such loss becomes due being first deducted, and all sums coming due being
 first paid or secured to the satisfaction of the insurers), but no partial loss or parti-
 cular average shall in any case be paid, unless amounting to *five per cent.* PROVIDED
 ALWAYS, and it is hereby further agreed, that if the said assured shall have made
 any other insurance upon the property aforesaid, prior in day of date to this Policy,
 then the said Insurance Company shall be answerable only for so much as the
 amount of such prior insurance may be deficient towards fully covering the property
 hereby insured. And the said Insurance Company shall return the premium upon
 so much of the sum by them insured as they shall be by such prior insurance exone-
 rated from. And in case of any insurance upon the said property subsequent in
 day of date to this policy, the said INSURANCE COMPANY OF NORTH AMERICA shall
 nevertheless be answerable for the full extent of the sum by them subscribed hereto
 without right to claim contribution from such subsequent insurers. And shall
 accordingly be entitled to retain the premium by them received in the same manner
 as if no such subsequent insurance had been made. Other insurance upon the
 property aforesaid, of date the same day as this policy, shall be deemed simulta-
 neous herewith; and the said Insurance Company shall not be liable for more than a
 ratable contribution in the proportion of the sum by them insured to the aggregate
 of such simultaneous insurance. It is also agreed, that the subject matter of this
 insurance be warranted by the assured free from loss or damage arising from riot,
 civil commotion, capture, seizure, or detention or from any attempt therat, or the
 consequences thereof, or the direct or remote consequences of any hostilities, aris-
 ing from the acts of any government, people, or persons whatsoever (ordinary
 piracy excepted), whether on account of any illicit or prohibited trade, or any trade
 in articles contraband of war, or the violation of any port regulation, or otherwise.

Also free from loss or damage resulting from measures or operations incident to war, whether before or after the declaration thereof.

In the event of risk of war being assumed by endorsement under this policy, the assured warrant not to abandon in case of capture, seizure or detention, until after the condemnation of the property insured; nor until ninety days after notice of said condemnation is given to this Company. Also warranted not to abandon in case of blockade, and free from any expense in consequence of detention or blockade; but in the event of blockade, to be at liberty to proceed to an open port and there end the voyage.

Memorandum. It is also agreed, that bar, bundle, rod, hoop and sheet iron, wire of all kinds, tin plates, steel, madder, sumac, brooms, wicker-ware and willow (manufactured or otherwise), straw goods, salt, grain of all kinds, rice, tobacco, Indian meal, fruits (whether preserved or otherwise), cheese, dry fish, hay, vegetables and roots, paper, rags, hempen yarn, bags, cotton bagging, and other articles used for bags or bagging, pleasure carriages, household furniture, skins and hides, musical instruments, looking-glasses, and all other articles that are perishable in their own nature, are warranted by the assured free from average, unless general; hemp, tobacco stems, matting and cassia, except in boxes, free from average under *twenty per cent.*, unless general; and sugar, flax, flax-seed and bread, are warranted by the assured free from average under *seven per cent.*, unless general: and coffee, in bags or bulk, pepper, in bags or bulk, free from average under *ten per cent.*, unless general. Profits warranted free from claim for general average, but subject to the same per centum of partial loss as if the insurance were on goods. In case a total loss of profits be claimed, the Underwriters to be entitled to a credit of the same per centum of salvage as if the insurance were on goods, and in case of contribution in General Average for any portion of the goods at the customary sound value, this Company to be free from claim for loss on such portion. Not liable for loss arising from wet, breakage, leakage, or exposure of goods shipped on deck.

Warranted by the assured free from damage or injury from dampness, change of flavor, or being spotted, discolored, musty or mouldy, unless caused by actual contact of sea water with the articles damaged, occasioned by sea perils. In case of partial loss by sea damage to dry goods, cutlery, or other hardware, the loss shall be ascertained by a separation and sale of the portion only of the contents of the packages so damaged, and not otherwise; and the same practice shall obtain as to all other merchandise as far as practicable. Not liable for leakage on molasses or other liquids, unless occasioned by stranding or collision with another vessel.

Warranted by the assured that this insurance shall not enure directly or indirectly to the benefit of the carrier or other bailee, by stipulation in bill of lading or otherwise, and any breach of this warranty, and any act or agreement by the assured, prior or subsequent hereto, whereby any carrier or party liable for or on account of loss of or damage to any property insured hereunder, is given the benefit of any insurance effected thereon, shall render this policy of insurance null and void.

In case of any agreement by the assured, prior or subsequent hereto, whereby any right of recovery of the assured for loss of or damage to any property insured hereunder, against any person or corporation, is released, impaired or lost, which would on acceptance of abandonment or payment of a loss by this Company, have enured to its benefit, but for such agreement or act, this Company shall not be bound to pay any loss, but its right to retain or recover the premium shall not be affected.

Warranted by the assured, that the assignment of this policy or of any insurable interest therein, as also that the subrogation of any right thereunder to any party, without the consent of this Company, shall render the insurance affected by such assignment or subrogation, void.

1. Warranted that no claim shall be made in General Average arising from the loss or jettison of Merchandise from on deck.

2. Warranted that in case of partial loss on merchandise this Company shall have notice of such damage within eight days after the landing of such merchandise.

3. All risks to be reported as soon as known and amounts declared as soon as ascertained.

4. This Policy shall be deemed continuous, but it is understood that either party is at liberty to cancel this policy at any time, on giving thirty days' written notice to that effect, which is not, however, to prejudice any risk then pending.

5. Proofs of loss to be authenticated by the Agent of this Company, if there be one where such proofs are taken; otherwise by a Correspondent of the National Board of Marine Underwriters, if there be one where such proofs are taken, but if neither is represented, then by some other recognised Insurance Authority.

6. The sound value at the port or place of destination outward is to be deemed not to exceed the purchasing price at the shipping port, and ten per cent. added thereto, exclusive of duty and freight.

7. The Company to be entitled to premium on all shipments covered hereby, whether reported or not; but should assured fail to report any such shipments, or to pay premium or premium note when due, then the policy as to all subsequent shipments shall at the option of the Company become null and void.

In Witness Whereof, the President or Vice-President of the said Insurance Company hath hereunto subscribed his name, and this Policy is made and accepted upon the above express condition, the.....
day of.....A. D. one thousand nine hundred and.....

.....
President.

CHAPTER LXXXV

LIFE POLICIES

Form 5—English Ordinary Life Policy

THE.....ASSURANCE COMPANY
Limited.

ORDINARY BRANCH.

Principal place of business at which notices of assignment may be given London.

OWN LIFE

£.....Sum Assured.Premium....£.....
With Profits.
No.....CLASS B.World Wide.

Whereas

..... (hereinafter called "the assured")
has contracted with the.....ASSURANCE COMPANY LIMITED (hereinafter called
"the Company") for an assurance on h.... life in the sum of.....
pound (hereinafter called "the sum assured") upon the basis of a proposal bearing
date the.....day of.....one thousand nine
hundred and.....

Now this Policy Witnesseth that in consideration of the sum of.....
now paid to the Company as the first premium for such assurance the Company
hereby covenant that if the assured shall die on or before the last day of.....
one thousand nine hundred and.....or if the like
premium shall be paid to the Company on the first day of every subsequent month
of.....
during the life of the assured then upon proof being given to the reasonable satis-
faction of the Directors of the Company of the death of the assured the Company
shall pay to the executors administrators or assigns of the assured in London the
sum assured together with such further sum or sums as may be appropriated by
way of bonus in addition thereto.

Provided always that this policy is subject to the conditions endorsed hereon
and to the Regulations of the Company as the same were established by a special
resolution of the Company passed on the 28th of February and confirmed on the
21st of March 1878 and as the same have been thenceforth modified up to the date
hereof.

Provided also that this policy is issued out of the Ordinary Branch of the Com-
pany and the Ordinary Fund together with the Capital Stock of the Company shall
alone be answerable for any claims under this policy in accordance with the 99th
clause of the said Regulations.

In witness whereof the Company have caused their common seal to be affixed
this.....day of.....
one thousand nine hundred and.....

Examined.....
Entered.....

.....
Director.

.....
General Manager.

CONDITIONS

1. The policy is conditional upon the questions contained in the proposal forming the basis of the assurance having been truly answered and if an untrue answer shall have been given to any of such questions or if any material fact touching the health habits or occupation of the assured has been suppressed or concealed from the knowledge of the Company the policy will be void but notwithstanding this condition the policy shall after the expiration of three years from its date be absolutely indisputable and unchallengeable except for fraud or under or on account of a breach of any of the following conditions.

2. If the age of the assured exceeds the age stated in the proposal then (whether the assured shall die within the aforesaid period of three years or afterwards and notwithstanding the interests of any third parties) the sum assured shall be reduced to such amount as according to the tables of the Company would have been assured for the premiums actually paid if the age had been correctly stated and any bonuses declared on the policy prior to the date of the error being discovered but not already received in cash shall be reduced to an amount proportionate to the amount to which the sum assured is reduced.

3. A period of one calendar month's grace is allowed for payment of each renewal premium and if the assured dies within that period and the sum assured thereupon becomes payable the premium if unpaid will be deducted from the sum assured. If the renewal premium is not paid within the period of grace the policy will be void.

4. If the policy becomes void for non-payment of a renewal premium it may be revived within twelve calendar months after the day on which the renewal premium becomes due upon proof being given to the satisfaction of the Directors of the Company of the continuance in good health of the assured and of there having been no transgression of the 6th condition and upon payment in addition to the premium of such an amount as the Directors may think proper not to exceed if the revival takes place within six calendar months after the renewal premium becomes due, the amount of five shillings per cent. on the sum assured.

5. No premium will be considered or recognised as paid to the Company unless an official printed receipt countersigned by an authorised officer or agent of the Company shall have been given for the same.

6. The policy will be void if the assured shall without the previous permission of the Directors (which may be obtained on payment of such additional premium either single or recurrent or on such reduction of the sum assured as the Directors think proper) do any of the things specified under the following headings:—

- (a) Take part in any military or naval operations during actual warfare or in any insurrection or any expedition or operation of a warlike character either as a combatant or non-combatant.
- (b) Engage or be employed in the trade of intoxicating liquors either ashore or afloat or any other trade business or occupation (except that of a miner) involving special or unusual risk to life or health unless the fact of such engagement or employment be mentioned in the policy.

7. Notwithstanding any breach of the 6th condition the policy (if not forfeited under any other condition) shall remain in force to the extent of the beneficial interests of third parties bona fide acquired for valuable consideration if the fact of the breach be communicated to the Directors immediately upon its becoming known to such third parties and any additional premium required by the Directors be forthwith paid and this provision shall hold good notwithstanding the death of the assured before such notice shall have been given.

8. The policy will be void if the assured dies by dueling or by his or her own hands or by the hands of justice but in any such case the Directors may allow to the representatives of the assured such part of the sum assured as they shall think fit and the policy shall remain in force to the extent of the interests of third parties bona fide acquired for valuable consideration.

9. Before any money is payable under the policy by the Company the Directors may require the policy with the receipt for the last premium paid to be delivered to the Company and all documents necessary to show the title to the policy

to be produced and left for inspection at the Chief Office and such proof of death and information as to the cause of death or otherwise respecting the same must be furnished as the Directors may reasonably require and unless the age of the assured shall have been previously admitted proof thereof must be furnished if required.

10. If the policy becomes void under any of these conditions all premiums paid thereon shall be forfeited to and absolutely retained by the Company but any forfeiture may be waived by the Directors if and on such terms as they shall think fit.

11. After three years from the date of the policy the holder thereof shall be entitled upon effectually surrendering the policy and provided it shall not have become void under any of these conditions to a cash surrender value. If no part of any reversionary bonus has been commuted for a cash payment the surrender value will not be less than one-fourth of the total amount of the premiums paid on the policy and after the policy has been five years in force such surrender value will in the like event be not less than one third of such total amount extra premiums paid on account of any special or extra risk being in every case excluded. If desired in lieu of the cash surrender value a fully paid up policy will be granted for the equivalent reversionary amount.

Form 6—Ordinary Life Policy

Number 00000

Amount, \$10,000

Age 35

THE.....LIFE INSURANCE COMPANY

ORDINARY LIFE

Annual Premium \$271.30

By this Policy of Insurance agrees to pay the sum of *Ten Thousand Dollars* upon receipt at its Head Office in the City of Philadelphia of due proof of the death of *John Doe* of *Philadelphia*, County of *Philadelphia*, State of *Pennsylvania* (the insured under this policy).

To his wife, *Mary Doe* or if the insured survive the aforesaid beneficiary to the administrators, executors or assigns of the insured, subject to all the requirements, privileges and provisions stated on the following pages, which are conditions precedent, and are a material part of this contract as fully as if they were recited at length over the signatures hereto affixed.

THIS CONTRACT is made in consideration of the written application of the above-named insured, which is made a part hereof, a copy of which is hereto attached, and the payment in advance to said Company of *Two Hundred, Seventy-one and 80-100 Dollars* on the delivery of this policy, and thereafter to the Company at its Head Office in the City of Philadelphia, upon the *first* day of the month of *February* in every year during the continuance of this contract.

In Witness Whereof, The.....Life Insurance Company has caused the signatures of its President and Treasurer to be affixed, at its Head Office in....., attested by its Secretary, this —*first*— day of —*February*—191*8*.
Attest.

.....
Secretary,
Approved By

.....
President.

.....
Registrar.

.....
Treasurer.

REQUIREMENTS, PRIVILEGES AND PROVISIONS

Referred to on Preceding Page.

Change of Beneficiary. The insured, upon presentation of this policy for proper endorsement, may, with the written approval of the President or Vice-President and while this policy is in force, change the beneficiary hereof. Such change shall take effect upon the endorsement of the same on the policy by the Company.

Assignment. No assignment of this policy shall be binding upon the Company unless it be filed with the Company at its Head Office and be approved in writing by the President or Vice-President. The Company assumes no responsibility as to the validity of any assignment.

Days of Grace. A grace of thirty-one days, subject to an interest charge at the rate of 5% per annum, will be granted for the payment of every premium after the first, during which time the insurance shall continue in force. If the insured shall die within the days of grace the amount of such premium with interest shall be deducted from the amount payable hereunder.

Incontestability. This policy and the application therefor, a copy of which is endorsed hereon when the policy is issued, constitute the entire contract between the parties hereto, and shall be incontestable after two years from its date of issue, except for non-payment of premiums. All statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties, and no such statement shall avoid or be used in defense to a claim under this policy unless it is contained in a written application, and a copy of such application shall be endorsed upon or attached to the policy when issued.

Limitations. Any unpaid portion of the premium for the current policy year of the death of the insured, and any indebtedness of the insured to the Company on account of this contract, shall be deducted from the amount payable hereunder.

If the age of the insured has been misstated, the amount payable hereunder shall be such as the premiums paid would have purchased at the correct age.

If the insured shall within two years from the date hereof die by his own hand or act, whether sane or insane, the only amount payable hereunder shall be a sum equal to the premiums paid hereon with interest at the rate of 5% per annum.

Travel or residence outside the limits of the Temperate Zones, within two years from the date hereof, and military or naval service in time of war at any time during the life of the insured, requires the written consent of the President and the payment of an extra premium, not to exceed 3% of the face of the policy, otherwise the amount payable hereunder shall be such a sum as the premiums paid would have purchased on basis of the increased premiums, which sum shall not be less than the full reserve for the policy and any dividend additions.

No suit or action at law or in equity shall be maintained hereon unless actually begun within one year after the cause of action shall accrue.

Except when this policy is valued on the select and ultimate basis in accordance with Sec. 84, Chap. 690, Laws of New York, adopted by the Company, the insurance hereunder for the first year is term insurance, and upon payment of the second and subsequent annual premiums the policy is continued as a whole life policy at an age one year greater than the age of actual issue.

The expense of management shall not exceed, excluding the first policy year, the net premium loading plus any taxes imposed by law.

Participation. This policy shall participate in surplus if kept in force and not otherwise, and the Company will annually determine and account for the portion of the divisible surplus accruing hereon, which shall be applied annually on the first day of February of each year at the option of the owner either (1) in cash, or (2) to the payment of any premium or premiums, or (3) to the purchase of paid-up additions to the policy, which may be surrendered at any time for their cash value and applied to the payment of premiums, or (4) left to accumulate to the credit of the policy with interest at 3% per annum payable at the maturity of this policy,

or on any anniversary of the policy. Notice of the amount of the said dividend shall be annually mailed by the Company to the owner of this policy; and if the owner hereof has not previously elected the manner in which said dividends shall be applied, such notice shall require an election by such owner, and unless such owner shall elect otherwise within three months after the mailing by the Company of such notice, the dividend shall be applied to the purchase of paid-up additions to the policy.

Loans. After three full years' premiums shall have been paid, then, unless otherwise requested in writing by the owner of this policy, the Company will charge as an indebtedness against this policy, with interest at the rate of 5% per annum, each premium payment as it becomes due (if it be not paid in cash) until such accumulated indebtedness with interest equals the loan value hereunder, when this policy shall immediately cease and become void, subject to notice as hereinafter provided. While this policy is thus kept in force the payment of premiums and interest on indebtedness may be resumed, without medical examination, at any time.

After three full years' premiums shall have been paid, the Company, at any time while this policy is in force, will, within ninety days after written application therefor, loan upon proper assignment of this policy and upon the sole security thereof, with interest at the rate of 5% per annum payable in advance, plus tax, if any, a sum not exceeding the cash surrender value of this policy at the end of the current policy year, deducting therefrom any unpaid portion of the premium for the current policy year and all other indebtedness hereon to the Company.

Failure to repay any such loan or loans or to pay interest thereon shall not void this policy, unless the total indebtedness hereon to the Company shall equal or exceed the loan value at the time of such failure, not until thirty-one days after notice shall have been mailed by the Company to the last known address of the person to whom the loan was made and of the insured and of the assignee, if any, of record at the Head Office of the Company.

Basis of Values. The cash, loan, extended insurance and surrender values hereunder are based on and are at least equal to the entire reserve on this policy, computed upon the American Experience Table of Mortality and $3\frac{1}{4}\%$ interest, less a sum during the first twenty years only not exceeding $2\frac{1}{4}\%$ of the amount of the policy. If there be any dividend additions to this policy the values shall be proportionately increased from the reserve on such additions computed on same basis. If there should be any indebtedness hereon the values shall be diminished proportionately on the same basis.

Options on Surrender or Lapse. After three full annual premiums shall have been paid, the owner, at any time within three months after any default, may surrender this policy and elect (a) to receive in cash, within ninety days after date of application therefor, the cash surrender value thereof, or to have such value applied (b) to purchase paid-up insurance payable at the same time and on the same conditions as this policy, but without future participation in surplus, or (c) to continue the insurance in force for the face amount of this policy as non-participating term insurance and without the right to loans.

The table of surrender values contained herein shows the minimum amount of such values at the ends of policy years, the policy being free from indebtedness. If surrender or default be at any other time than at the anniversary of the policy the values of the preceding anniversary shall be increased proportionately from any instalment premiums paid on account of the current policy year.

If the owner shall not, within three months after any default, surrender this policy to the Company at its Head Office, as herein provided, and if the provisions of this policy as to charging as an indebtedness any premiums not paid in cash have been waived by notice in writing filed with the Company as therein provided, the insurance hereunder will be automatically continued as provided in option (c).

Payment of Premiums. After the first policy year the Company will accept payment of the premiums hereon in semi-annual or quarterly instalments as follows: \$139.70 on the first day of the months of February and August or \$71.90 on the first

day of the months of *February, May, August and November* in each year. Except as herein provided, the payment of a premium or instalment thereof shall not maintain this policy in force beyond the due date of the next premium or instalment of premium.

Notice of each and every premium due or to become due hereon is given and accepted by the delivery and acceptance of this policy. Every premium is due and payable in advance at the Head Office of the Company in the City of Philadelphia, but may be paid to an authorized agent of the Company on or before the date when due upon delivery of a receipt signed by the President and Treasurer of the Company and countersigned by said agent.

Reinstatement. In the event of any default in payment of premium or obligation given for premium, this policy may be revived at any time within three years from date of default, except in case the policy has been surrendered for its cash value or the term of extended insurance has expired, upon production of evidence of insurability satisfactory to the Company and the payment of all overdue premiums and the payment or reinstatement of any other indebtedness to the Company under this policy with interest at a rate not exceeding 6% per annum.

Instalment Privilege. At any time, upon the written request of the insured accompanied by this policy for proper endorsement, its payment shall be changed from one sum to such instalments as the insured may request and the Company approve, and, in such event, a table showing the number and amount of instalments will be attached hereto and made a part hereof.

Copy of Application upon which Policy No. 00000 is issued.

APPLICATION

I hereby apply to THE.....LIFE INSURANCE COMPANY of..... for a POLICY of INSURANCE, to be issued in pursuance of this application, and certify as follows:

1. That my full name is *John Doe*, that I was born on the *second* day of *November* A. D., 1874, at *Philadelphia, Pa.*
2. That I am now in good health, and am FREE from any and all diseases, sicknesses, ailments, or complaints, trivial or otherwise, except as here stated: (If ailment of any kind exists at this time, state character or nature of same). *No Exception.*
3. That my present occupation is (If more than one occupation, give all, and be specific.) *Dry goods merchant prior was clerk.*
4. That I have never had or been afflicted with any sickness, disease, ailment, injury, or complaint, except as here stated: (Give full particulars as to the nature thereof, date and duration, whether trivial or otherwise—if rheumatism, state whether muscular, sciatic or inflammatory.) *Typhoid fever, 4 weeks, June and July, 1902. La Grippe, November, 1906, ten days, and Muscular Rheumatism following the attack of La Grippe.*
5. That the last physician I consulted or who prescribed for me was Dr. *James Price* of 1831 Chestnut St., Phila., Pa., about (Give date.) *November, 1906*, for the sickness here stated: (Give nature and duration of illness, and if complete recovery, say so.) *La Grippe and Muscular Rheumatism, recovery complete in one month.*
6. That I have not consulted or been prescribed for by any physician or medical man during the last ten years, except as here stated: (Give date, nature of illness, and name of every physician for last ten years.) *Dr. Herbert Moore, 1752 Walnut St., Philadelphia, Typhoid fever, 1902.*
7. That I have never made application for insurance on my life, or for beneficial membership to or in any company, association, fraternal benefit, or other society, upon which application no policy or benefit certificate was or has yet been issued to me, or received by me, for the full amount and kind, and at the rate applied for, and that no physician has ever given an

unfavorable opinion upon my life with reference to life or benefit insurance, except as here stated: (Give name of each company, date of application, kind of policy, and amount applied for.) *No Exception.*

8. That none of my immediate family, parents, brothers or sisters, nor, to the best of my knowledge and belief, grandparents, uncles and aunts, are now afflicted with, or ever had, or died of, consumption, lung disease, scrofula, cancer, heart disease, paralysis, suicide, insanity, epilepsy, Bright's disease, diabetes, or any hereditary disease, except the following: (Give relationship, character and duration of illness in every case. Avoid any general terms—be specific.) *Father of Pneumonia, sick ten days, one maternal Aunt at age 60 of Diabetes, sick one year.*
9. That I am not now, and have never been, engaged in the sale or manufacture of wines, spirits, or malt liquors, either directly or indirectly, except (Give dates and full particulars). *No Exception*
10. That I do not use, and have never used, narcotics, and have never used daily exceeding two ounces of spirits, or two drinks of wines or malt liquors and have always been temperate and sober, except as stated below: (Answer must be specific—"moderately" or "occasionally" will not do. Give kind and daily quantity, and the number of times you have used them, or any of them, to extent of inebriation.) *No Exception.*
11. That I am *not* now insured in this Company, and that the total amount of insurance now on my life is \$30,000, the kinds of policies, dates of same, amounts, and respective companies being as follows: (Give name of each company, amount, kind and date of policy). *Nat'l Res. I. Co. Ord. Life dated 7, 10, 99, \$10,000. N. Y. Central L. I. Co. \$0 Pay, dated 4, 10, 03, \$10,000 Harland L. and I. Co. \$0-year endowment dated 1, 10, 06, \$10,000.*
12. That the money to keep said policy in force will be furnished by *Myself.*

I hereby agree and bind myself as follows:—

1. That the truthfulness of each statement above made or contained, by whomsoever written, is material to the risk, and is the sole basis of the contract with the said Company.

2. That each and every statement herein made or contained is full, complete and true.

3. That I have signed this application in my own proper handwriting.

4. That no agent of, or any other person on behalf of the Company has any power or authority to make or modify any contract of insurance, to grant credit, or to extend time for paying any premium, or to waive any forfeiture, or to bind the Company by making any promise, or by making or receiving any representation or information, it being agreed, that such powers can only be exercised in writing by the President, Vice-President, Actuary or Assistant Actuary of the Company at its Head Office, and shall not be delegated.

5. That all provisions of law forbidding any physician who has attended or who shall or who may hereafter attend me from disclosing any and all information which he acquired or which he may or shall acquire by such attendance are hereby expressly waived.

6. That the proof of my death shall be made upon the blank forms furnished by the Company.

7. That the policy issued hereon shall not become binding on the Company until the first payment due thereon shall have been actually received by the Company or its authorized agent and the policy delivered to me during my lifetime and continued good health.

Dated at *Philadelphia, Pa.*, this *twenty-fifth* day of *January*, 1910.

Witness: *Geo. R. Newcomb.* The witness should be the soliciting agent.

Signature of applicant must be in his own proper handwriting *John Doe.*

TABLE OF LOAN AND SURRENDER VALUES

After Payment of Annual Premiums.	Loan Value or Cash Value.	Paid-up Insurance	Extended Insurance		After Payment of Annual Premiums.	Loan Value or Cash Value	Paid-up Insurance.	Extended Insurance.	
			Years.	Months.				Years.	Months.
3	\$280	\$710	3	2	13	\$1,800	\$3,700	14	0
4	400	980	4	6	14	1,970	3,960	14	5
5	530	1,270	5	10	15	2,140	4,200	14	9
6	650	1,550	7	1	16	2,320	4,460	14	11
7	800	1,860	8	4	17	2,500	4,710	15	0
8	940	2,150	9	7	18	2,680	4,930	15	1
9	1,100	2,470	10	9	19	2,870	5,180	15	2
10	1,280	2,810	11	10	20	3,060	5,400	15	3
11	1,440	3,090	12	8	21	3,300	5,700	15	4
12	1,620	3,400	13	5	22	3,490	5,900	15	4

Values not stated will be furnished on application to the Head Office.

Form 7—Fraternal Benefit Certificate

Age..... Amount \$2,000).

BENEFIT CERTIFICATE.

THE.....Beneficiary Society, incorporated, organized, and doing business under the laws of the State of..... hereby certifies: That....., a member of..... Camp No..... of the....., located at..... in the County of..... and..... of..... is, while in good standing, entitled to the privileges of this Society, and his beneficiary or beneficiaries hereinafter named shall, in case of his death while a Beneficial member of this Society in good standing, be entitled to participate in the Benefit fund of this Society to the amount of TWO THOUSAND DOLLARS, without interest, to be paid to the said beneficiary or beneficiaries, to-wit:..... related to said member in the relationship of.....; PROVIDED, HOWEVER, that all the conditions contained in this certificate and the By-laws of this Society, as the same now exist, or may be hereafter modified, amended, or enacted, shall be fully complied with; and PROVIDED, FURTHER, if the death of the beneficiary of any member heretofore or hereafter adopted shall occur prior to the death of such member, or in the event of the disqualification of the beneficiary, as provided in the By-laws, and of such member having failed to

have another beneficiary named, as provided in the By-laws thereof, then the amount to be paid under the Benefit certificate shall be payable to the other surviving beneficiaries, if any there be, or if no beneficiaries survive him, then to the widow; if no widow, to his children, including his legally adopted children, and in case there is a deceased child or children, the child or children of such shall take the share of such deceased parent; if no child or children, or child or children of any deceased child or children, to the mother; if no mother, to the father; if no father, to the brothers and sisters, share and share alike; and in case there are deceased brothers or sisters, then to the child or children of such, who shall take the share of such deceased parent; if no brothers or sisters, or child or children of any deceased brother or sister, to the next of kin, who would be the distributees of the personal estate of the member upon his death intestate according to the laws of the state wherein the said member resided at the time of his death. Said fund out of which any liability hereon, as well as all other mortuary liability shall be paid, shall be created by levying upon all Beneficial members of this Society sufficient assessments from time to time to pay all such liability in full.

This Benefit certificate is issued and accepted only upon the following express warranties, conditions, and agreements:

1. That the society is a fraternal beneficiary Society, incorporated, organized, and doing business under the laws of the state of and legally transacting such business in the state where said member resides. That the application for Beneficial membership in this Society made by the said member, a copy of which is hereto attached and made a part hereof, together with the report of the medical examiner, which is on file in the office of the Head Clerk, and is hereby referred to and made a part of this contract, is true in all respects, and that the literal truth of such application, and each and every part thereof, shall be held to be a strict warranty and to form the only basis of the liability of of this Society to such member and to his beneficiary or beneficiaries, the same as if fully set forth in this Benefit certificate.

2. That if said application shall not be literally true in each and every part thereof, then this Benefit certificate shall, as to said member, his beneficiary or beneficiaries, be absolutely null and void.

3. This certificate is issued in consideration of the warranties and agreements made by the person named in this certificate in his said application, and also in consideration of the payments made when adopted as a Neighbor in prescribed form, and his agreement to pay all assessments, dues, and fines that may be levied during the time he shall remain a member of this Society.

4. If payments assessed against the said member are not paid to the Clerk of the Camp of which he is or hereafter may be a member on or before the last day of the month following the levy of the same, then this certificate shall be null and void, and shall so continue of no effect until payment is made in pursuance of the requirements of the By-laws of this Society as the same now exist, subject, however, to change from time to time, as the same may be effected by the enactment of new By-laws or the modification or amendment of any now in force.

5. If the member holding this certificate shall be expelled from this Society, or become intemperate in the use of intoxicating liquors, or in the use of drugs or narcotics; or if his death shall result directly or indirectly from his intemperate use of intoxicating liquors, drugs, or narcotics; or if he shall be or become engaged in the manufacture or sale of malt, spirituous, fermented, vinous or any intoxicating liquors to be used as a beverage, in the capacity of proprietor, stockholder, agent or servant; or if he shall be convicted of a crime or felony, and sentenced to death or imprisonment in a penitentiary, state prison, state reformatory, jail, house of correction, or other state or federal penal institution, after being adopted into this Society; or if he shall within one year after becoming a Beneficial member of this Society, die by his own hand, except by accident, whether sane or insane; or if his death shall occur in consequence of a duel, or of any violation or attempted violation of law, or by the hands of his beneficiary or beneficiaries, sane or insane (except by accident); or if his said application for membership, or any part of it, shall be found in any respect untrue, then this certificate shall be null and void and of no effect, and all moneys which have been paid, and all rights and benefits which may have

accrued on account of this certificate, shall be absolutely forfeited and this certificate shall become null and void.

6. No action can or shall be maintained on this certificate until after the proofs of death and claimant's right to benefits, as provided for in the By-laws of this Society, have been filed with the Head Clerk and passed upon by the Board of Directors, nor unless brought within eighteen months from the date of the death of the member.

7. If the above named member shall, at any time after the issuance of this certificate, enter upon any of the prohibited or hazardous occupations mentioned in the By-laws of this Society as the same now exist or may be hereafter modified, amended, or enacted, the entrance into said employment shall limit or extinguish the liability of this Society upon this certificate in accordance with the By-laws thereof.

8. The member above named shall, while in good standing, be entitled to all the rights and privileges of the Society, and upon his death (occurring while in good standing), his beneficiary or beneficiaries shall be entitled to participate in the Benefit fund of this Society to an amount not exceeding the amount stated in this certificate: *provided, however*, that all the conditions and requirements contained in this Benefit certificate, and in the By-laws of this Society, as the same now exist or may be hereafter modified, amended, or enacted, shall have been fully observed and complied with; it being agreed that the By-laws now in force and said By-laws as hereafter amended, modified or changed are now and shall become at time of any change in said By-laws, a part and parcel of this certificate, with the same force and effect as if specially written into the face of this certificate, and that this provision shall be construed not only to govern the rights and conduct of the member, but also to determine the financial liability of the member to the Society and of the Society to the member and his beneficiary or beneficiaries.

9. Any printed copy of the By-laws of this Society, duly certified under seal thereof, by the Head Clerk, shall be admissible in evidence in any case or proceeding between any Beneficial member, his beneficiary or beneficiaries, and the Society, and shall be *prima facie* proof that such By-laws were duly adopted by the Society at the time they purport to have been adopted and were in force from and after the date fixed therein for the going into effect thereof and until the same shall have been shown to have been amended or repealed.

10. In the acceptance of this Benefit certificate in accordance with the provisions of the By-laws of the Society, the member agrees to and does hereby waive for himself, his beneficiary or beneficiaries, the privilege or benefit of any statute or law disqualifying any physician from testifying concerning any information obtained by him in a professional capacity, whether the same was necessary to enable such physician to prescribe or act for said member or not.

In Witness Whereof, the said..... has, by its Head Consul and Head Clerk, signed, and caused the corporate seal of said corporation to be affixed to this certificate, at the City of..... in the State of....., this..... day of..... 19.....
..... Head Clerk.

..... Head Consul.

Member adopted..... day of..... 19.....
and certificate delivered this..... day of..... 19.....
..... Clerk,..... Consul.
..... Camp No..... M. W. of A.

I hereby accept the above Benefit certificate, have read the same, and agree to all the conditions therein contained.

I hereby warrant I am in good health upon the date of receiving it. I agree and understand this certificate is not complete nor binding upon the Society until signed by me, nor unless I am in good health at the time of its delivery.

A copy of your application for membership is attached to this certificate—
READ IT— if any answer or statement therein is not correct notify the Head Clerk at once.

Form 8—Medical Application for Life Insurance

Blank 405.
Edition, May, 1911.
THE.....LIFE INSURANCE COMPANY, OF CINCINNATI, OHIO.

APPLICATION FOR INSURANCE—PART II.

Statements to the Medical Examiner by the Applicant for Insurance.
This examination must be made in private; no third person being present.
Note to the Examiner: If related to the agent or applicant, even remotely, do not perform this examination.

11. (a) What is your full name?
(b) What is your age?
(c) Are you in sound health?
(d) Are you married?
(e) What are all your occupations?
12. (a) Are you now connected, in any way, with the manufacture or sale of malt liquors, wines or whiskey? Answer in detail
(b) Have you ever been so connected? Answer in detail
(c) What is your daily habit in the use of stimulants? Quantity of beer? ..
..... Wine? Whiskey?
(d) Have you ever been addicted to the excessive or intemperate use of stimulants. If so, give full data.
(e) If a total abstainer, for what length of time have you been so?
(f) Do you now use, or have you ever used, narcotics or hypnotics? If so, give full particulars as to their use, dates, etc.
13. Have you ever had any of the following diseases? Answer each question "Yes" or "No." If answer is "Yes," Medical Examiner will explain under "Additional Remarks."

Apoplexy.....	Dissiness.....	Loss of Consciousness.....
Asthma.....	Epilepsy.....	Meningitis.....
Biliary Colic.....	Fistula.....	Paralysis.....
Cancer.....	Gravel.....	Spitting Blood.....
Consumption.....	Gout.....	Sunstroke.....
Delirium Trem's.....	Haematuria.....	Syphilis.....
Dis. of Heart.....	Insanity.....	Rheumatic Fever.....
Dis. of Liver.....	Kidney Disease.....	Articular Rheum.....
Dropsy.....		

14. Names and addresses of all physicians who have treated you in last five years, and explain as follows:

Illness.	Month.	Year.	Duration.	Result.	Physician's Name and Address.
.....					
.....					
.....					
.....					

15. Have you ever traveled or changed your residence on account of your health? If so, give full particulars.
16. (a) Are you deaf in either ear? (If so, Examiner will test hearing with watch.)
(b) Have you now, or have you ever had otorrhœa? If so, give full particulars
17. Are you blind or crippled in any way, or have you undergone any surgical operation? (If so, explain fully.).....

18. Have you, to your knowledge, stayed over night in the same building in the last five years with any one suffering from Tuberculosis? If so, state full particulars.....
19. Have you or has any member of your family been treated for neurasthenia or mental unbalance?.....
- At Home?.....
- What Institution?.....
- Details?.....

20. Family History.	Age if Living.	Condition of health. If not good give full details.	Age at Death	Cause of Death	How Long Sick.	Previous Health	Was there Cough in Last Illness?	Did he or she have Consumption	Year of Death
Father.....									
Mother.....									
No. Brothers Living.....									
No. Brothers Dead.....									
No. Sisters Living.....									
No. Sisters Dead.....									
Father's Father.....									
Father's Mother.....									
Mother's Father.....									
Mother's Mother.....									

I hereby declare that my answers to the questions on Part I and Part II, which together constitute my application to the..... Life Insurance Company for life insurance, are complete and true, and I agree that they shall form a part of the contract issued by the said Company on my life.

Dated at..... day of..... 19....

M. D., Witness.

Person Examined.

MEDICAL EXAMINATION

If Applicant is a Woman, See Below.

To Medical Examiner:

Risks having organic or functional heart lesion or cardio-vesicular murmurs are declined.

21. (a) Is applicant white? (If of other than the white race, specify.).....
- (b) Do you know him personally?.....
22. (a) 1. Have you weighed him?.....
- (a) 2. What is his weight in ordinary clothes?.....
- (b) 1. Have you measured him?.....
- (b) 2. Actual height in shoes.....
- (c) Has the weight recently changed? If so, give full particulars.....

23. (a) What is the circumference of chest under forced inspiration? (Under vest.)
 (b) Circumference under forced expiration? (Under vest.)
 (c) Circumference of abdomen taken under the trousers, two or three inches below the umbilicus.
24. (a) Is the respiratory murmur clear and distinct over both lungs?
 (b) Is the character of the respiration full, easy and regular?
 (c) Are there any indications of disease of the organs of respiration?
 (d) How many respirations per minute?
25. (a) Is the heart's action uniform, free and steady?
 (b) Are there any indications of disease of this organ or of the blood vessels?
 (c) Are its sounds and rhythm regular and normal?
 (d) Does it intermit, become irregular or unsteady at this examination?
 (e) Pulse rate under conditions favorable to repose?
 (f) Is there any evidence of arterio-sclerosis? If so, to what extent?
26. (a) Temperature under tongue?
 (b) Time of day A. M. P. M.
27. Does Auscultation or Percussion of the Chest indicate Disease of the Heart or Respiratory Organs?
28. (a) Do pupils react normally to light and accommodation?
 (b) Are the knee jerks normal?
29. Are there any indications of Hemorrhoids, Fistula in Ano, or Stricture of the Urethra?
30. Chemical analysis of urine voided in my presence at . . . A. M. . . . P. M.
 (a) Specific gravity? (c) Albumen? Test used?
 (b) Chemical reaction? (d) Sugar? Test used?
 (e) Two ounces of urine containing two grains of boracic acid must be sent to the Home Office for microscopical analysis, if total amount at risk is over \$10,000.
31. Have you ever found casts, albumen or sugar in any other examination of applicant's urine?
32. Are there any indications that the person has led, or now leads, other than a temperate life?
33. Are there any Ulcers, Tumors, Eruptions or local ailments of any kind?
34. In your opinion is the risk desirable?
 I hereby declare that I have this day carefully examined the above named person, and that I have written and attentively considered the above statements made by him and have witnessed his signature.
 Dated at the day of 19
 I graduated at Medical College in the year

 Medical Examiner.

If Applicant is a WOMAN, the following Questions must be Answered.

35. Have you now, or have you ever had, any organic disease of the uterus or ovaries, or is any suspected by you?
36. (a) Are you now regular in your menstruations?
 (b) Have your menstruations always been regular?
37. Are you now, or have you been, affected with any disease of the breast?
38. (a) Have you successfully passed the change of life?
 (b) If so, how long since last menstruation?
39. (a) What is husband's full name?
 (b) What is his occupation?
 (c) If he is insured in this Company give policy numbers.
 (d) If not, in what companies is he insured, and for what amounts?
 (e) Is he in good health?

40. How long have you been married?.....
41. If your husband is dead, give date and cause of death?.....
42. If divorced, was divorce secured by the applicant or her husband and on what legal grounds?.....
43. If pregnancy has existed, has labor been normal?.....
44. (a) If you have ever miscarried, give dates and circumstances.....
- (b) Have you had a normal confinement since?.....
45. (a) How many children have you had?.....
- (b) Date of last confinement.....
- (c) Are you now pregnant?.....
46. Is any one dependent on you for support? If so, give particulars.....

I hereby declare that I have read the above questions and written answers, and that the answers as written are true.

In presence of

.....

M. D., Witness.

.....

Person Examined.

ADDITIONAL REMARKS ON REVERSE SIDE.

To the Medical Examiner: Do not detach this voucher from the application. Fill it out carefully. The Company pays its examiners direct once a month. No agent is authorized to pay you for any examination.

Date.....19....

.....

TO THE MEDICAL DEPARTMENT, THE LIFE INS. CO.

I have this day examined Mr.....of City.....
State.....and I have.....recommended him
him as a desirable risk for insurance.....

Signed.....M. D.

Street and Number.....

City.....

State.....

.....

General Agent.

ADDITIONAL REMARKS BY MEDICAL EXAMINER

CHAPTER LXXXVI
ACCIDENT AND HEALTH POLICIES

Form 9—Accident Policy

.....
Combination Accumulative Accident Policy
Provides Indemnity for Loss of Life, Limb, Sight, and for Disability
Due to Accidental Injuries, as Herein Provided.

THE.....INSURANCE COMPANY

(Herein Called the Company)

IN CONSIDERATION of the statements in the Application for this Policy, a copy of which is indorsed hereon, and made a part hereof, and of Dollars, premium, DOES HEREBY INSURE (Herein called the Assured) subject to all the provisions and conditions hereinafter contained, in the initial PRINCIPAL SUM of Dollars, and for a WEEKLY INDEMNITY of Dollars, for the term of months from the day of 191....., beginning and ending at 12 o'clock, noon, Standard Time, at the place of countersignature hereof, against BODILY INJURIES, effected independently and exclusively of all other causes, through external, violent and accidental means, (suicide, whether sane or insane, not included); as follows:

SCHEDULE OF INDEMNITIES FOR DEATH, DISMEMBERMENT OR LOSS OF SIGHT

1. (a) If such injuries shall, independently and exclusively of all other causes, continuously and wholly disable and prevent the Assured from the date of accident from performing any and every kind of duty pertaining to his occupation, and during the period of such continuous disability, shall independently and exclusively of all other causes result in any one of the losses specified in the Section (1), the Company will pay the sum set opposite such loss, and IN ADDITION WEEKLY INDEMNITY as provided for herein to date of death, dismemberment or loss of sight, as the case may be:

(b) Or, if within ninety days from the date of accident, irrespective of total disability, such injuries shall, independently and exclusively of all other causes, result in any one of the losses specified in this Section (1), the Company will pay the sum set opposite such loss.

For Loss of Life..... The Principal Sum
For Loss of Both Hands by severance at or above the wrists.... The Principal Sum
For Loss of Both Feet by severance at or above the ankles.... The Principal Sum
For Loss of One Hand at or above the wrist and One Foot at or

above the ankle, by severance..... The Principal Sum
For Loss of Entire Sight of Both Eyes, if irrecoverably lost.... The Principal Sum
For Loss of Entire Sight of One Eye, if irrecoverably lost, and

One Hand at or above the wrist, by severance..... The Principal Sum
For Loss of Entire Sight of One Eye, if irrecoverably lost, and

One Foot at or above the ankle, by severance..... The Principal Sum
For Loss of Either Hand by severance at or above the

wrist..... One-half of Principal Sum

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For Loss of Either Foot by severance at or above the ankle One-half of Principal Sum
For Loss of Entire Sight of One Eye, if irrecoverably lost One-half of Principal Sum
(One such Sum only is Payable for One Accident)

ACCUMULATIVE PROVISION

Each consecutive full year's renewal of this Policy, if the premium be paid annually in advance, will increase the respective sums specified in this Section (1) by Ten per cent; if paid other than annually in advance, by Five per cent, until in either case according as the premium may be paid, Fifty per cent is thus added to the Initial Principal Sum. Thereafter, so long as the Policy is maintained in force, the insurance will be for the said INITIAL PRINCIPAL SUM PLUS THE ACCUMULATIONS. This provision shall not apply to increase the weekly indemnity under this or any other section of the Policy.

WEEKLY INDEMNITY—TOTAL OR PARTIAL DISABILITY

2. Or, if such injuries shall not result in any of the losses mentioned in Section 1, but shall independently and exclusively of all other causes, continuously and wholly disable and prevent the Assured from the date of accident, from performing any and every kind of duty pertaining to his occupation, the Company will pay him so long as he suffers such total disability, the weekly indemnity above specified.

Or, if such injuries shall not wholly disable the Assured, but independently and exclusively of all other causes, shall from the date of accident, (or immediately following total disability) continuously disable and prevent him from performing one or more material daily duties pertaining to his occupation, the Company will pay ONE-HALF the weekly indemnity above specified for the period of such partial disability not exceeding twenty-six consecutive weeks. Weekly indemnity will not be payable under the provisions of Section 1 except as therein stated.

OPTIONAL INDEMNITY

3. If the Assured shall sustain an injury by means aforesaid, and such injury is named in the Schedule of Injuries indorsed herein, he may elect, subject to the terms and conditions of this Policy, to receive the amount of indemnity as specified for such injury in said Schedule in lieu of all other indemnity under this Policy, except for Surgical Operations or Hospital Expenses to which he may be entitled, provided written notice of his choice is given to the Company at Baltimore, Md., or to the agent countersigning this Policy, within ten days from the date of occurrence of said injury; provided further that not more than one of such amounts shall be payable for injuries sustained in any one accident.

DOUBLE INDEMNITY

4. If the Assured shall sustain such injuries; (1) while a passenger in or on a public conveyance provided by a common carrier for passenger service, including platform, steps and running board thereof; (2) or, while a passenger in a passenger elevator; (3) or, in consequence of the burning of a building while the Assured is therein; (4) or, by the explosion of a steam boiler; then and in such event only, the Company will pay DOUBLE the amount otherwise payable under the preceding sections.

INDEMNITY FOR SURGICAL OPERATIONS

5. If such injuries sustained by the Assured shall within ninety days from the date of accident necessitate a surgical operation named in the Schedule of Operations indorsed herein, and the same shall be performed, the Company will pay, in addition to the indemnity otherwise provided, the sum as specified for such

operation in said Schedule; but such amount shall not be payable for more than one operation (the greater) necessitated by injuries sustained in one accident.

REIMBURSEMENT FOR HOSPITAL EXPENSES

6. If such injuries sustained by the Assured shall within ninety days from the date of the accident necessitate his removal to a hospital, the Company, provided no claim is made for surgeon's fees under Section 5 hereof, will pay, in addition to the indemnity otherwise provided, for a period not exceeding ten weeks during which the Assured shall be necessarily confined in the hospital, the amount expended by him weekly for hospital expenses, but not exceeding per week ONE-HALF the weekly indemnity hereinbefore specified.

INDEMNITY FOR MEDICAL OR SURGICAL TREATMENT OF MINOR INJURIES

7. Or, if such injuries shall not result in either death or disability, but shall require medical or surgical attention, the Company will reimburse the Assured for the cost thereof to an amount not exceeding ONE WEEK'S SINGLE INDEMNITY as provided for herein, provided the surgeon's receipt and certificate on the Company's blank are furnished the Company within thirty days from the date of the accident.

INDEMNITY FOR FREEZING, HYDROPHOBIA, SEPTICEMIA, GAS OR POISON

8. Subject to its terms, limits and conditions this Policy covers the Assured in the event of death or disability due to freezing, hydrophobia, gas or poison (suicide, sane or insane, or any attempt thereat, not included); likewise in event of death or disability from septicemia or blood poisoning due directly to a bodily injury sustained while this Policy is in force.

SCHEDULE OF INDEMNITIES FOR INJURIES TO THE BENEFICIARY

9. If one person only is specifically named as the beneficiary of the Assured in the Application for this Policy and such person is not under 18 nor over 60 years of age, and is in sound condition mentally and physically, and is not an insured beneficiary or the Assured under any other policy of accident insurance issued by this Company, then, and not otherwise, this Policy shall also insure such beneficiary against bodily injuries, effected independently and exclusively of all other causes, through external, violent and accidental means (suicide, sane or insane, not included), and received; (1) while a passenger in or on a public conveyance provided by a common carrier for passenger service, including the platform, steps and running board thereof; (2) or, while a passenger in a passenger elevator; (3) or, in consequence of the burning of a building while said beneficiary is therein; (4) or, by the explosion of a steam boiler; as follows:

If any one of the losses enumerated in this Section shall result independently and exclusively of all other causes from such injuries sustained as above within ninety days from the date of the accident, the Company will pay—

For Loss of Life.....	The Initial Principal Sum
For Loss of Both Hands by severance at or above the wrists.....	The Initial Principal Sum
For Loss of Both Feet by severance at or above the ankles.....	The Initial Principal Sum
For Loss of One Hand at or above the wrist and One Foot at or above the ankle, by severance.....	The Initial Principal Sum
For Loss of Entire Sight of Both Eyes, if irrecoverably lost.....	The Initial Principal Sum
For Loss of Entire Sight of One Eye, if irrecoverably lost, and One Hand at or above the wrist, by severance.....	The Initial Principal Sum
For Loss of Entire Sight of One Eye, if irrecoverably lost and One Foot at or above the ankle, by severance.....	The Initial Principal Sum

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For Loss of One Hand by severance at or above the wrist.....	One-half of Initial Principal Sum
For Loss of One Foot by severance at or above the ankle.....	One-half of Initial Principal Sum
For Loss of Entire Sight of One Eye, if irrecoverably lost.....	One-half of Initial Principal Sum
(One such Sum only is Payable for One Accident)	

Or, if such injuries sustained as above are named in the Schedule of Injuries indorsed herein, the Company will pay such beneficiary ONE-HALF of the sum specified in said Schedule for Ordinary Accidents for such injury; but not more than one-half of any sum so specified shall be payable for injuries sustained in any one accident.

If the beneficiary shall sustain an injury in the manner defined in this Section (9) and such injury shall within ninety days from the date of accident necessitate an operation as named in the Schedule of Operations indorsed herein, and the same shall be performed, the Company will pay ONE-HALF the sum specified in said Schedule for such operation; but no payment shall be made for more than one operation necessitated by injuries sustained in any one accident.

The amount payable in the event of the loss of life of the beneficiary shall be paid to the Assured. the payment of any other sum provided for in this Section shall be made to the person insured as the beneficiary.

AGREEMENTS

1. If the Assured is injured, fatally or otherwise, after having changed his occupation to one classified by the Company as more hazardous than that herein stated, or while he is doing any act or thing (except ordinary duties about his residence or while engaged in recreation) pertaining to any occupation so classified by the Company, the Company's liability shall be only for such proportion of the principal sum or indemnity herein provided as the premium paid by him would have purchased at the rates and within the limits fixed by the Company for such more hazardous occupation according to its rates and classification of risks filed prior to the occurrence of the injury for which indemnity is claimed, with the State official having supervision of insurance companies in the State where the Assured resides at the time this Policy is issued. Professional and amateur aviation and ballooning are not insured against. Persons under 18 or over 69 years of age are not covered by this Policy.

2. In the event of any accident for which any claim may be made under this Policy, notice of such accident shall be given within twenty days from date of the injury to the Company at its Home Office, Baltimore, with full particulars of the accident and injury, provided, however, that in case of accidental death, immediate notice thereof is required, unless the notices herein specified shall be shown not to have been reasonably possible. Notice of a claim for indemnity shall be deemed sufficient when given to the Home Office of the Company or to a duly authorized agent of the Company in the city, town or county in which the Assured shall reside at the time of giving such notice.

3. Proof of claim must be furnished to the Company at its said Home Office in case of claim for loss of time within ninety days after the termination of the period of disability for which the Company is liable, and in case of claims for loss of life, limb, limbs or sight within ninety days after the occurrence of such loss. The Company will pay the benefits immediately upon the receipt by it of due proofs of death or disability.

4. No proceedings at law, or in equity, shall be brought against this Company for recovery under this Policy until after sixty days from the date of filing proofs, nor shall the same be brought at all unless commenced within two years from the date when the final proof of claim is filed with the Company.

5. This Policy with a copy of the application therefor signed by the Assured and any riders or indorsements bearing the signature of the President, a Vice-

President, or the Secretary of the Company, and indorsed hereon or attached hereto, constitute the entire contract of insurance, except as the same may be affected by any table of rates or classification of risks filed by the Company with the insurance department of the State wherein this Policy is issued, and effective at the time of such issue or delivery.

6. If a past due premium shall be accepted on this Policy by the Company or by a branch office or by a duly authorized agent of the Company in the city, town or county in which the Assured shall reside, or by the duly authorized agent of the Company who accepted the last premium on the Policy, if so authorized at the time of the acceptance of the past due premium, such acceptance shall reinstate the Policy in full as to any loss resulting from accidental bodily injuries thereafter sustained.

7. The Company reserves the right to cancel this Policy at any time by written notice delivered to the Assured or mailed to him at his last address as shown by the records of the Company and the tender of the Company's check for the unearned portion of the premium, but such cancellation shall be without prejudice to any claim arising on account of disability commencing prior to the date on which the cancellation takes effect.

8. No statement made by the Assured, not incorporated in or indorsed on this Policy issued to the applicant, shall void the Policy, or be used in evidence, and no provision of the charter, constitution or by-laws shall be used in defense of any claim under this Policy unless such provision is incorporated in full in this Policy; but this requirement shall not be deemed to apply to the table of rates or manual of classification of risks filed by this Company with the State official having supervision of insurance companies in the State wherein this Policy is issued prior to the date of the occurrence of the injury, for which indemnity is claimed.

9. The Company shall have the right and opportunity through its medical representative to examine the person of the Assured when and so often as it requires in case of injury and also in case of death, where not forbidden by statute the right and opportunity to make an autopsy and to be represented thereat if not made by the Company.

10. Any claim for death benefits shall be subject to proof of interest and no assignment of interest under this Policy shall be valid unless the consent of the Company thereto is formally indorsed hereon by an executive officer.

11. Claims for indemnity for disability of thirteen weeks' duration or less shall be payable at the end of the period of disability only; claims in excess shall be payable at the end of each thirteen weeks of continuous disability, proof as required in Section 3 to be given before each payment. Indemnity for loss of life of the Assured shall be paid to the beneficiary named in the Application for this Policy or to such other beneficiary as may be designated by the Assured, if surviving, otherwise to the executors, administrators, or assigns of the Assured.

12. The consent of the beneficiary shall not be requisite to a surrender, cancellation, change or assignment of this Policy or to a change of beneficiary.

13. An agent has no authority to change this Policy, or to waive any of its provisions, nor shall notice to any agent or knowledge of his or any other person be held to effect a waiver or change in this contract, or any part of it. No change whatever in this Policy, and no waiver of its provisions shall be valid unless an indorsement is added hereto signed by the President, a Vice-President, or the Secretary of the Company, expressing such change or waiver. In any matter relating to this insurance no person, unless duly authorized in writing, shall be deemed the agent of this Company.

SCHEDULE OF INJURIES

(Optional Indemnities—See Section 3)

The amounts stated in the following Schedule of Injuries are payable under this Policy if issued for Five Thousand Dollars Principal Sum, proportionate amounts being payable if the Policy is issued for a larger or smaller Principal Sum.

	Ordinary Accidents, Section 2.	Travel, etc. Accidents, Section 4.
FOR LOSS		
Of one or more Fingers (at least one entire phalanx)	\$150.00	\$300.00
Of one or more entire Toes	200.00	400.00
FOR COMPLETE HERNIA,		
Caused solely and directly by accidental injury	70.00	140.00
FOR COMPLETE DISLOCATION, vis.:		
Of the Shoulder	100.00	200.00
Of the Elbow	100.00	200.00
Of the Wrist	125.00	250.00
Of the Hip	300.00	600.00
Of the Knee	150.00	300.00
Of any Bones of Foot	150.00	300.00
Of the Ankle	150.00	300.00
Of two or more Toes	50.00	100.00
Of two or more Fingers	50.00	100.00

	Ordinary Accidents, Section 2.	Travel, etc. Accidents, Section 4.
FOR THE COMPLETE FRACTURE OF BONES, vis.:		
Of the Skull, both tables	\$325.00	\$650.00
Of the Lower Jaw	75.00	150.00
Of the Clavicle (Collar Bone)	150.00	300.00
Of the Pelvis	250.00	500.00
Of the Thigh	300.00	600.00
Of the Leg (One or both Bones)	200.00	400.00
Of the Patella (Knee Cap)	200.00	400.00
Of the Arm between Elbow and Shoulder	300.00	600.00
Of the Forearm between the Wrist and Elbow	150.00	300.00
Of two or more Ribs	100.00	200.00
Of the Foot	125.00	250.00
Of the Hand	125.00	250.00
Of two or more Toes	100.00	200.00
Of two or more Fingers	100.00	200.00

SCHEDULE OF OPERATIONS

(Indemnity for Surgical Operations—See Section 5)

The amounts stated in the following Schedule of Operations are payable under this Policy if issued for Five Thousand Dollars Principal Sum, proportionate amounts being payable if the Policy is issued for a larger or smaller Principal Sum.

AMPUTATION OF	
Foot, Hand or Forearm	\$ 25.00
Leg or Arm	50.00
Thigh	100.00
Finger or Fingers	10.00
DISLOCATIONS, Reduction of	
Shoulder, Elbow, Hip, Knee or Ankle	25.00
Wrist or Lower Jaw	15.00
Thumb or Fingers (two or more)	10.00

EXCISION OF	
Shoulder, Hip or Knee Joint.....	100.00
Elbow, Wrist or Ankle Joint.....	50.00
Toe or Toes.....	25.00
FRACTURES, Reduction of	
Nose, Lower Jaw, Collar Bone or Shoulder Blade.....	25.00
Breast Bone.....	10.00
Rib or Ribs.....	10.00
Upper Arm.....	35.00
Forearm (one or both bones).....	25.00
Wrist or Hand.....	15.00
Fingers (two or more).....	10.00
Any of the Bones of the Pelvis or Sacrum.....	50.00
Coccyx.....	10.00
Thigh.....	75.00
Knee Cap or Leg Bones (one or both).....	50.00
Bones of Foot.....	15.00
Toe or Toes.....	10.00
GUNSHOT WOUNDS—Treatment not necessitating Amputation or Laparotomy.....	25.00
HERNIA (Abdominal)—Any cutting operation for the radical cure of the Reducible, Irreducible or Strangulated form.....	100.00
HYDROPHOBIA—Pasteur Treatment.....	100.00
LAPAROTOMY (opening of the abdominal cavity for an operation on any organ contained therein, or for Traumatic Peritonitis, or Exploratory Incision).....	100.00
NECROSIS (death of bone)—Sequestrotomy (removal of dead bone).....	35.00
SKULL TREPHINING for fracture or other cause.....	100.00
SYNOVITIS (inflammation of the lining membrane of a joint), Incision... ..	25.00
LOCKJAW—Injection of anti-tetanic serum into Frontal Lob of Brain... ..	100.00
Into Spinal Canal.....	50.00
WOUNDS OF SCALP or other parts—Suturing.....	5.00
<i>In Witness Whereof, the..... Company has caused these Presents to be signed by its President and Secretary; but the same shall not be binding upon the Company unless countersigned by a duly commissioned agent.</i>	

.....
President.

.....
Secretary.

No.....

Countersigned at..... this..... day of..... 191..

.....
General Agent.

COPY OF THE APPLICATION

Application is hereby made for a (State kind)..... Policy to be issued upon the following statements, viz:

1. My full name is.....
2. I am a resident of.....
County.....
State.....
3. P. O. Address.....
Number and Street.....
4. (a) My age is.....
(b) My height is..... ft..... in.
(c) My weight is..... pounds
5. I am (member of firm, employed by)..... of
whose business is that of.....

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6. My occupation and the duties thereof are fully described as follows:
 7. My income per week exceeds the gross amount of weekly indemnity under all policies carried and applied for by me except as follows:
 8. Policy to be payable in case of death to the beneficiary,
 Name in full.....
 Whose relationship to me is that of.....
 Address.....
 9. No application ever made by me for Accident, Health or Life insurance has been declined or notice of action withheld, nor has any such policy of insurance been cancelled or renewal refused, except as follows:
 10. I have never received indemnity for any accident or illness, except as follows:
 11. I have no Accident or Health Insurance, nor have I applied for any in this or or any other company or association, except as follows:
 12. I have not in contemplation any special journey or hazardous undertaking, except as follows:
 13. I have never had any disorders of the brain, except as follows:
 14. My habits of life are correct and temperate, I am neither partially nor wholly blind, deaf, crippled, lame, paralysed, nor have I ever had hernia nor been subject to epilepsy, fits, vertigo, or sleep walking, and in all regards I am in sound condition mentally and physically, except as follows:
 15. I have not suffered, nor am I now suffering, from cataract or any disease of the eye, except as follows:
- Dated at..... this..... day of..... 191..
- ATTEST**

.....
 Signature of the Applicant.....

 General Agent.

IDENTIFICATION

Upon the receipt of the premium for this Policy, a Certificate of Identification will be issued wherein it is agreed that if the Assured shall, during the term of this Policy, or any renewal hereof, be physically unable, as the result of such injuries, to communicate with relatives or friends, the Company will, upon receipt of telegraphic or other advices, transmit to such persons as may be designated any information respecting him, and defray the expense (not exceeding \$100) necessary to place him in their care.

.....

Form 10—Universal Policy

.....

Providing Indemnity for Loss of Life or Time by accidental means and for Loss of Time by Sickness to the extent herein provided.

Number..... Premium..... Entry Age.....

THE.....INSURANCE COMPANY

(Hereinafter Called the Company)

INSURES in Class.....
Residing at.....

(Hereinafter called the Insured) by occupation upon the payment of the Policy fee and the payment of the above premium on or before the date hereof and on the same date of each thereafter, subject to all the provisions and limitations hereinafter contained.

ACCIDENT INDEMNITY

Against BODILY INJURY effected solely through external, violent and accidental means which shall, independent of all other causes and immediately from the date of the receipt thereof, necessarily and continuously disable and prevent the Insured for one week or more

Total Disability. (1) from performing any and every duty pertaining to any business or occupation, during the period of regular personal attendance by a legally qualified physician not to exceed fifty-two consecutive weeks, at the rate of Dollars (\$) per week; or

Partial Disability. (2) from performing a material part of the important daily duties pertaining to the above occupation, during the period of regular personal attendance by a legally qualified physician not to exceed twenty-six consecutive weeks, at ONE-HALF THE RATE provided in paragraph (1), in case such partial disability follows a period of less than fifty-two consecutive weeks of total disability, the combined periods of total and partial disability for which accident indemnity will be paid shall not exceed fifty-two consecutive weeks;

Accidental Death. (3) Or, if SUCH INJURY shall result within ninety days from the receipt thereof in loss of life, the Company will pay to the Beneficiary named in the copy of application annexed hereto, or to any Beneficiary substituted therefor, if surviving, otherwise to the executor or administrator of the Insured, the sum of Dollars (\$).

SICKNESS INDEMNITY

Against SICKNESS or DISEASE which has its cause and beginning after the expiration of thirty days from the time when this Policy becomes of force and effect, for the number of consecutive days (. THE FIRST WEEK), to be computed from the date of the first attendance by a physician, during the period that the Insured is necessarily and continuously totally disabled and prevented from performing any and every duty pertaining to any business or occupation.

Total Disability (House Confinement) (4) and strictly, necessarily and continuously CONFINED WITHIN THE HOUSE and there regularly and personally attended by a legally qualified physician, not to exceed a period of twenty-six consecutive weeks, at the rate of Dollars (\$) per week.

Total Disability. (Non-House Confinement). (5) and while under the regular treatment of such physician though not strictly, necessarily and continuously confined within the house, not to exceed a period of thirteen consecutive weeks, at ONE-HALF THE RATE provided in paragraph (4); *Provided*, that the combined period of such confinement and non-confinement for which sickness indemnity will be paid shall not exceed twenty-six consecutive weeks.

Indemnity will be paid within sixty days after receipt of due proofs of death or disability, but only for disability during or death occurring in the period for which premiums have been paid.

This policy and the application, a copy of which is attached hereto, and the provisions and conditions endorsed hereon, constitute the entire contract between the parties, except as the same may be affected by any table of rates or classification of risks filed by the Company with the Insurance Department in the State wherein this Policy is issued, and no alteration, modification or waiver of any part hereof shall be valid, unless endorsed hereon and signed by the President or Secretary of the Company.

Dated, the day of 19 at twelve o'clock

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noon, and to become of force and effect thereafter when delivered to and accepted by the Insured while in good health and sound physical condition.

THE INSURANCE COMPANY,

.....
President.

.....
Secretary.

Inspected by.....

CONDITIONS

Under which this Policy is issued to and accepted by Insured.

1. No statement made by the Insured not incorporated in or endorsed on this Policy shall void the Policy or be used in evidence, and no provisions of the Charter or By-Laws of the Company shall be used in evidence or in defence of any claims arising under this Policy, unless such provision be incorporated in or endorsed hereon or attached hereto in full; but this requirement does not apply to the table of rates or manual of classification of risks filed with the Insurance Department prior to the date of the occurrence of the injury or the commencement of the sickness for which indemnity is claimed.

2. The actual payment of the respective premiums on the date when due or within seven days thereafter, whether the Insured is entitled to indemnity at the time or not, is a condition precedent to the continuance of this Policy. If not so paid, this Policy shall be deemed to have lapsed on the date when the premiums were due.

3. The Company may cancel this Policy at any time by written notice delivered to the Insured or mailed to him at his last address as shown by the records of the Company and the tender of the Company's check for the unearned portion of the premium, but such cancellation shall be without prejudice to any claim arising on account of disability commencing prior to the date on which such cancellation takes effect.

4. If a past due premium shall be accepted by the Company, or by a branch office, or by an authorized Agent of the Company in a city, town or county in which the Insured shall reside, or by the duly authorized Agent of the Company, who accepted the last premium on the Policy, if so authorized at the time of acceptance of such past due premium, such acceptance shall reinstate the Policy in full, as to disability resulting from accidental bodily injuries thereafter sustained, but shall only reinstate the Policy as to disability from disease beginning more than ten days after the date of such acceptance.

5. Written notice of death or of disability must be sent to the Company or given to an authorized Agent of the Company in the city, town or county in which the Insured shall reside within twenty days from the date of the accident, or ten days from the date of the beginning of sickness upon which the claim is based (provided, however, that in case of accidental death, immediate notice shall be given to the Company), unless the notice herein specified shall be shown not to have been reasonably possible. Such notice shall be a condition precedent to any liability on the part of the Company. The furnishing of blanks by the Company for proof of claim shall not be a waiver of any condition of this Policy or right of the Company.

6. If at any time after this Policy is issued, and during its continuance in force, the Insured is injured or contracts disease after having changed his occupation to one classified by the Company as more hazardous than that stated in the Policy, or while he is doing any act or thing pertaining to any occupation so classed, except ordinary duties about his residence or while engaged in recreation, the Company will pay such proportion of the indemnity provided herein, as the pre-

mium paid would have purchased at the rate, but within the limits fixed by the Company for such more hazardous occupation, according to the Company's rates and classification of risks filed with the Insurance Department prior to the occurrence of the injury or commencement of the disease for which indemnity is claimed and if a person engaged in such more hazardous occupation or employment is not insurable by this Company, no indemnity shall be payable or paid hereunder.

7. The Company shall have the right and opportunity to examine the Insured's person and body, in case of disability, when and so often as it may require and in case of death, it shall also have the right and opportunity to make or participate in an autopsy. The Insured waives all legal objection to medical testimony of any and every kind, and authorizes his attending physician to make statements regarding his disability or cause of death, which statements shall be competent evidence on behalf of the Company in any suit upon this Policy.

8. The terms "bodily injury," "such injury," and like terms appearing in this Policy do not include disappearance, injury resulting from negligence, injury of which there is no outward visible mark on the body, nor injury resulting wholly or partly, directly or indirectly, from intoxication or while intoxicated, or from the use of narcotics, from or while violating law, or from any of the following causes, conditions or acts, or which results in or produces any of the following conditions, viz.: Insanity, fighting (except in case of unprovoked assault), war, riot, wrestling, scuffling, boxing, prize fighting, riding or driving in races of any kind, pregnancy, child birth, nor disability or death caused wholly or partly by medical, surgical or mechanical treatment for disease, or by natural disease or weakness, or exhaustion consequent upon disease.

9. The terms "sickness," "disease," and like terms appearing in this Policy do not include sickness complicated with or resulting wholly or partly, directly or indirectly, from or in tuberculosis or cancer within one year from date hereof, insanity, venereal disease, pregnancy, child birth, diseases of the female organs, or exclusively female diseases, nor disability, resulting wholly or partly, directly or indirectly, from intoxication or while intoxicated, or from the use of narcotics, or from or while violating law.

10. No indemnity shall be paid for more than four weeks in case of disability complicated with or resulting wholly or partly, directly or indirectly from any of the following causes, conditions or acts, viz.: Vertigo, lumbago, sprain or strain of the back, rheumatism, sciatica, paralysis, or locomotor ataxia.

11. Affirmative proofs of death or of disability must be furnished the Company, and must contain full, complete and true answers to all questions on all blanks furnished by the Company for that purpose. Final proofs in case of death must be furnished to the Company within ninety days from the time of death, and in case of disability within ninety days from the end of the period of disability. The claimant must establish affirmatively by such final proofs that the death or disability was such as is not excepted by the terms of this Policy before indemnity hereunder is payable.

12. The right of the Beneficiary under this Policy does not vest until the proofs of death are filed at the Home Office of the Company. The Insured may change the Beneficiary as often as is desired by making application therefor upon forms furnished by the Company. The Insured may, in his lifetime, release the Company from liability to the Beneficiary, under this Policy.

13. Legal proceedings upon this Policy shall not be brought until after three months from date of filing final proofs at the Home Office of the Company, nor brought at all, unless commenced within twelve months from the time when due proofs of claims shall have been filed with the Company.

This Policy is not issued to persons over the age of fifty-five years.

APPLICATION FOR INSURANCE IN THE ——— INSURANCE COMPANY

I (Name in full)
 No. and Street
 Town or City
 County

State.....
do hereby apply for insurance and to procure the same do make the following representations, each of which it is agreed is material to the risk:

1. My age is (last birthday).....years
2. My weight is.....pounds
3. My height is.....ft.....in.
4. Sex.....
5. Color.....
6. My occupation is.....
Duties thereof are fully described as follows:.....
7. Indemnity in case of death shall be paid to.....
Name in full.....
Relationship.....
8. Address of beneficiary.....
No. and Street.....
City or Town.....
State.....
9. I have no sickness or accident insurance in any Company, Association, Society or Lodge, and have no application for such now pending, except as follows:..
10. No application ever made by me for insurance has been declined, and no policy ever issued to me has been cancelled or renewal refused, except as follows:.....
11. I have never received Indemnity or Benefits for any accident or illness, except as follows:.....
12. I have NEVER been ill except as follows:.....
I have not received any medical attention within the last three years, except as follows: (Give date, duration and condition of recovery).....
Attending Physician.....
Address.....
13. I have never been injured or undergone any surgical operation, except as follows: (Give date, location of injury, duration and condition of recovery)..
Attending Physician.....
Address.....
14. My habits of life are correct and temperate, and I am in good health and sound condition, mentally and physically, except as follows:.....
15. I have not lost the use of either limb or the sight in either eye: I am not crippled or deformed in any manner; I am not ruptured; my hearing and vision are not impaired, except as follows:.....
If ruptured, is a proper truss worn?.....
16. None of my parents, grandparents, uncles, aunts, brothers or sisters have died from or been afflicted with Consumption, Insanity, Paralysis, Apoplexy, Epilepsy, Scrofula, or any hereditary disease, except as follows:.....
17. My father is.....years old
My mother is.....years old
18. My father died at the age of.....years
My mother died at the age of.....years
19. The cause of my father's death was.....
The cause of my mother's death was.....
20. I have never applied for nor had a policy in this Company, except as follows:
21. The foregoing statements contain a full, complete and true disclosure of all facts regarding my health, history and habits which would be material or important for the Company to know in determining the desirability of insuring me, except as follows:.....

Dated at.....this.....day of.....191
Signature of Applicant,.....
.....

Form 11—Health Policy

.....
 Subject to its provisions and limits, this Policy grants indemnity for loss of time from sickness.

Policy No. HU.....

Class No.....

UNIFORM POLICY OF HEALTH INSURANCE

THE.....CASUALTY INSURANCE COMPANY

IN CONSIDERATION of.....Dollars premium and the warranties and agreements contained in the application for this Policy, a copy of which application is endorsed hereon and hereby made a part hereof, THE CASUALTY INSURANCE COMPANY, herein called the Company, insures, subject to the provisions and conditions and limits herein,
of....., occupation,....., herein called the Insured, for.....months, beginning at noon, standard time, on the.....day of....., 19....., against loss resulting directly and independently of any and all other causes from sickness or disease contracted while this Policy is in force, herein called such sickness, as follows:

TOTAL LOSS OF TIME INDEMNITY DURING CONFINEMENT INDOORS.

SECTION I. If such sickness shall, from the date of its contraction, render the Insured continuously unable to transact each and every part of his business duties and necessitate his continuous confinement indoors and treatment by a legally qualified physician, the Company will pay for the period of such disability and confinement and treatment, not exceeding fifty-two consecutive weeks, an indemnity per week of.....Dollars (\$.....).

TOTAL LOSS OF TIME INDEMNITY DURING CONVALESCENCE.

If such sickness shall, immediately following a period of total loss of time and confinement and treatment, as above defined, render the Insured continuously unable to transact each and every part of his business duties and necessitate treatment by a legally qualified physician and does not necessitate continuous confinement indoors, the Company will pay, for the period of such disability, not exceeding twenty-six consecutive weeks, an indemnity per week of.....Dollars (\$.....). Payment shall not be made for more than fifty-two consecutive weeks' total loss of time during confinement indoors and total loss of time during convalescence combined.

DOUBLE LOSS OF TIME INDEMNITY DURING CONFINEMENT IN AN INCORPORATED HOSPITAL.

SECTION II. If such sickness shall, from the date of its contraction or immediately following a period of confinement indoors, as above defined, render the Insured continuously unable to transact each and every part of his business duties, and necessitate his continuous confinement within an incorporated hospital, the Company will pay, in lieu of the payment provided in Section I, for the period of such disability and hospital confinement, not exceeding twenty-six consecutive weeks, double the amount specified in said Section for confinement indoors. Payment shall not be made for more than fifty-two consecutive weeks' loss of time under this Section and Section I combined.

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ADDITIONAL INDEMNITY FOR SURGICAL OPERATIONS.

SECTION III. If such sickness shall, within ninety days from the date of its contraction, necessitate one of the surgical operations enumerated in the following "Schedule of Surgical Operations" the Company will pay, in addition to any indemnity otherwise provided herein, the amount provided for such operation in said Schedule, but payment shall not be made for more than one (the first) operation resulting from any one sickness, nor for any operation not enumerated in said Schedule, nor for any operation resulting from any sickness, disease or condition existing or contracted prior to the issue of this Policy. The amounts specified in said Schedule are payable if the indemnity specified in Section I for total loss of time during confinement indoors is Twenty-five Dollars per week, proportionate amounts being payable if such indemnity is a larger or a smaller amount.

SCHEDULE OF SURGICAL OPERATIONS.

Appendicitis—Laparotomy (abdominal incision)	\$100
Abdomen—Opening the cavity for treatment or diagnosis	100
Amputation of Leg above knee	100
Amputation of Arm above elbow	50
Amputation of Foot, Hand or Forearm	25
Amputation of One or more entire Toes	10
Amputation of One or more entire Fingers	10
Aneurysm—Ligation (tying) of artery	50
Bone Abscess—Curettling (scraping)	10
Bone Ulcer—Curettling (scraping)	15
Cancer—Extirpation (removal)	50
Cataract—Extirpation (removal)	25
Cyst—Incision (lancing) and removal of	10
Dropsy (Abdominal)—tapping	25
Excision of Shoulder, Hip or Knee Joint	100
Excision of Elbow, Wrist or Ankle Joint	50
Eye—Enucleation (removal)	75
Ganglion—Incision (lancing) and curettling (scraping)	15
Goiter—Cutting operation for radical cure	75
Hematocele—Incision (lancing) or tapping for radical cure	25
Hernia (Scrotal or Abdominal)—Cutting for radical cure	75
Hydrocele—Incision (lancing) or tapping for radical cure	25
Intestinal Obstruction—Laparotomy (abdominal incision)	100
Kidney—Incision (cutting) for fixation or removal	100
Liver—Opening of gall bladder for removal of stones	50
Mastoiditis—Removal of pus and bone	50
Meningitis—Trephining for drainage	100
Nerve—Cutting operation for stretching or removal	25
Peritonitis—Laparotomy (abdominal incision)	100
Piles—Ligation (tying) or excision (removal)	25
Polypus—Extirpation (removal)	15
Skull—Trephining	100
Stone in Bladder—Lithotomy (operation for removal)	75
Synovitis—Aspiration (tapping) of joint for removal of fluid	25
Tetanus—Injection of antitoxin into frontal lobe of brain	100
Thorax—Aspiration (tapping) or incision (opening)	25
Throat—Incision (lancing) for removal of foreign body	25
Tumor—Malignant—Extirpation (removal)	50
Varicocele—Incision (lancing) or tapping for radical cure	25
Varicose Veins—Ligation (tying) or excision (removal)	25

PROVISIONS APPLYING TO THIS POLICY.

Provision A. Written notice of sickness must be given by the Insured to the Company within twenty days from the date of its contraction, unless such notice

shall be shown not to have been reasonably possible, in which event such notice must be given as soon as it may become reasonably possible. Such notice shall be deemed sufficient only when given to the Company at its Home Office in or to the duly authorised agent of the Company in the town, city or county in which the Insured resides. When claim is made hereunder, proof of loss under oath must be furnished to the Company at its Home Office in within ninety days from the date of the termination of loss of time as defined herein. Legal proceedings hereunder shall not be brought after two years from the time required for proof of loss to be furnished. Proof of loss must be furnished on the Company's forms. The Company shall not be held to have waived any rights by the delivery of forms for proof of loss nor by the receipt or retention of any proof or evidence nor by the investigation of any claim. Valid claims are payable immediately on receipt of proof.

Provision B. Any medical adviser of the Company shall have the right and opportunity to make a physical examination of the Insured in respect to any alleged sickness, as often and in such manner as he may require, and, unless there is a statute that prevents, shall also have the right and opportunity to make an autopsy in case of loss of life; if an autopsy is made on the body of the Insured, opportunity shall be given the Company to be represented thereat.

Provision C. This Policy shall not take effect and shall be wholly null and void if any prior health or disability policy issued by the Company to the Insured is in force during any part of the period of this Policy (and in such event the Company shall mail to the Insured the premium on this Policy, provided such premium has been received by the Company), unless this Policy bears an endorsement signed by the Secretary or Assistant Secretary of the Company permitting this Policy to be in force irrespective of the issue of such prior policy. The Company may cancel this Policy at any time by written notice delivered to the Insured or mailed to his latest address appearing on the Company's records with its check for the unearned part, if any, of the premium, but such cancellation shall be without prejudice to any claim arising on account of disability commencing prior to the date on which the cancellation takes effect.

Provision D. If the Insured is entitled under any other policy to indemnity for loss resulting from accidental bodily injury he shall not be entitled under this Policy to indemnity for the same or a concurrent loss resulting from sickness. No assignment of interest hereunder shall be valid unless consent thereto is endorsed hereon and is signed by the Secretary or Assistant Secretary of the Company. This Policy does not extend to nor cover loss caused by any sickness or disease existing or contracted prior to the issue of this Policy, nor loss of life, nor sickness or disease resulting from or contributed to, directly or indirectly, wholly or partly, by bodily injury.

Provision E. If such sickness is contracted after the Insured has changed his occupation to one classified by the Company as more hazardous than the occupation described in this Policy or while he is doing any act or thing pertaining to any occupation so classified (other than ordinary duties about his residence or while engaged in recreation) the amount payable for any loss enumerated in this Policy shall be such an amount as the premium paid would purchase for such more hazardous occupation according to the Company's table of rates or classification of risks filed as provided in Provision I.

Provision F. If, after applying for this Policy, the Insured obtains any health or disability policy or policies from any company or association or order and fails to immediately notify the Company of such other policy or policies, the liability for any loss specified herein shall be such proportion of the indemnity provided herein for such loss as such indemnity bears to the total indemnity for such loss provided under this Policy and such other policy or policies; in which event the Company shall return to the Insured the excess premium paid by him for this Policy.

Provision G. Any indemnity which may be due at the time of the Insured's death shall be payable to the executor or administrator of the Insured.

Provision H. Fraud or misrepresentation concerning this insurance or any claim hereunder shall void this Policy. This Policy shall immediately terminate

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if the Insured suffers the loss of hearing or sight or reason or becomes crippled or arrives at the age of sixty years.

Provision I. This Policy and the copy of the application therefor, and any endorsement attached hereto or written hereon and signed by the Secretary or Assistant Secretary of the Company, shall constitute the entire contract between the Company and the Insured excepting only as the same may be affected by the table of rates or classification of risks last filed by the Company with the Insurance Department of the State wherein this Policy is issued or delivered prior to the date of the contraction of such sickness. No erasure or change appearing on this Policy as originally written and printed, and no change or waiver of any of its provisions, conditions, limits or statements shall be valid unless endorsed hereon and signed by the Secretary or Assistant Secretary of the Company.

Provision J. No statement made by the Insured not incorporated in or endorsed on this Policy shall avoid this Policy or be used in evidence. No provision of the charter, constitution or by-laws of the Company shall be used in defense of any claim arising under this Policy; but this provision shall not be deemed to apply to the table of rates or classification of risks of the Company filed in accordance with Provision I.

Provision K. The provisions hereof and compliance therewith shall be conditions precedent to the recovery of any claim hereunder.

Provision L. This Policy shall not be in force while any premium remains unpaid. If a past due premium shall be accepted by the Company or by a branch office of the Company or by any duly authorized agent of the Company, such acceptance shall reinstate this Policy in full force as to disability resulting from sickness thereafter contracted.

In Witness Whereof, THE . . . CASUALTY INSURANCE COMPANY has caused this Policy to be signed by its President and Secretary, but it shall not be in force until countersigned by a duly authorized representative of the Company.

.....	President.	Secretary.
Countersigned:		
.....		

COPY OF THE APPLICATION FOR THIS POLICY

I hereby apply to The Casualty Insurance Company for a Policy to be based upon the following statement of facts, which I warrant to be complete and true; and I agree to accept said Policy subject to all its conditions and provisions and limits; and I agree that the Company shall not be bound by statements made to or knowledge acquired by its Agents or Brokers or any other information not written in this application.

- (a) My full name is.....
- (b) Class No.....
- (c) My weight is..... pounds.
- (d) My height is..... feet..... inches
- (e) I was..... years of age on my last birthday
- (f) I am not colored.....
- (g) My Post Office address is.....
 Street and No.....
 City.....
 State.....
- (h) The firm or corporation with which I am connected as a member, an employee is.....
 The business conducted is.....
 The business address is.....
 Street and No.....
 City.....
 State.....

-

.....

(Herein Called the Company)

IN CONSIDERATION of Dollars (\$.....), estimated premium, the several provisions of this policy, and of the statements made in the Schedule of Warranties endorsed hereon and hereby made a part hereof (herein called the Schedule), which statements the Assured makes and warrants to be true by the acceptance of this policy.

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DOES HEREBY AGREE

TO INSURE.....
of..... County of.....
State of..... (herein called the "Assured"),
as Trustee for the employes mentioned in the Schedule, for the term of.....
Calendar months, beginning on the..... day
of..... 19....., at noon, and ending on the.....
day of..... 19....., at noon, Standard Time, at the place
where this policy has been countersigned,
AGAINST DISABILITY AND/OR DEATH resulting directly and independently of all
other causes from bodily injuries sustained by the employes of the Assured, through
external, violent and accidental means, while actually engaged in the occupations
and at the places mentioned in the application for this Policy, subject to the follow-
ing Special and General Agreements, which are to be construed as co-ordinate, as
Conditions.

SPECIAL AGREEMENTS:

Clause A. If the death of any employe shall result within ninety days from such injuries, independently of all other causes, the Company will pay the Assured a sum equal to..... weeks' wages, computed at the rate per week received by such injured employe at the date of accident, but such sum shall not exceed One Thousand Five Hundred Dollars.

Clause B. If any employe shall, within ninety days, as the result of such injuries, independently of all other causes, lose by actual separation at or above the wrists or ankles, both hands or both feet, or one hand and one foot, or shall irrecoverably lose the entire sight of both eyes, the Company will pay the amount specified in Clause A.

Clause C. If any employe shall, within ninety days, as the result of such injuries, independently of all other causes, lose by actual separation, at or above the wrist or ankle, one hand or one foot, the Company will pay one-third the amount specified in Clause A.

Clause D. If any employe shall, within ninety days, as the result of such injuries, independently of all other causes, irrecoverably lose the entire sight of one eye, the Company will pay in satisfaction of all claims for such injury, a sum equal to one-eighth the amount specified in Clause A.

Clause E. If such injuries, independently of all other causes, shall immediately, continuously and wholly disable and prevent such employe from engaging in any work or occupation for wages, the Company will pay the Assured an amount equal to one-half the usual weekly wages of such employe for the period of such disability, not exceeding twenty-six weeks in respect of any one accident; but such sum shall not exceed Five Hundred Dollars in respect of any one injured person during the policy year.

Clause F. Recovery may be had for the benefit of the same employe under not more than one of the foregoing clauses as respects the results of injuries caused by any one accident, and in no event shall the Company's liability for a casualty, resulting in injuries to or the death of several persons, exceed Ten Thousand Dollars.

GENERAL AGREEMENTS:

1. Immediate written notice of any accident and injury to any employe shall be given to the United States Manager at the Home Office in New York, N. Y., or the duly authorized representative of the Company for the territory in which this policy was written. Immediate notice shall be construed to mean not later than ten days after the date of the occurrence of the accident. Affirmative proof of death, or of loss of limb or of sight, or of the duration of disability must also be filed with the Home Office of the Company in New York, N. Y., or with the duly authorized representative of the Company for the territory in which this policy was written, within two months from the time of death, or of loss of limb, or of sight, or of the termination of the disability. No legal proceedings shall be brought for

recovery hereunder within three months after the filing of final proofs of loss with the Home Office in New York, N. Y., or with the duly authorized representative of the Company for the territory in which this policy was written, and no action at law or in equity shall lie against the Company unless commenced within six months after the expiration of said three months. Claims not brought in accordance with the provisions of this Section shall be forfeited to the Company. Should any of the limitations herein as to the time for giving notices to or commencing legal proceedings against the Company conflict with the laws of the State in which this policy was issued then said notices must be given, or such legal proceedings commenced, within the minimum time prescribed by such laws.

2. The Company, upon receiving notice from the Assured of any claim, may take upon itself the settlement of the same, and the Assured shall give all necessary information and assistance for the purpose. The Assured shall not, except at his own cost, pay or settle any claim without the consent of the Company. The receipt of the Assured shall be a full acquittance of the Company in any case.

3. If the Assured carries on behalf of his employees other similar insurance to this, or if any employee of the Assured carries insurance either in Companies or Associations or both, making an aggregate weekly indemnity in excess of the money value of such employee's time, this Company shall be liable, in the case of any such employee, for such proportion only of this insurance, as said money value of the employee's time shall bear to the aggregate of the weekly indemnity of the entire insurance so carried.

4. This insurance does not cover disappearances, nor any bodily injury of which there shall be no external or visible sign, nor dueling or fighting, nor voluntary over-exertion, nor war risk, nor voluntary exposure to unnecessary danger, nor injuries fatal or otherwise, resulting from poison or anything else accidentally or otherwise taken, administered, absorbed or inhaled, nor injuries fatal or otherwise, received while or in consequence of being or of having been under the influence of or affected by, or resulting directly or indirectly from intoxicants, anesthetics, narcotics, sunstroke, freezing, vertigo, sleep walking, fits, hernia, orchitis, or any disease or bodily infirmity.

5. Any medical adviser of the Company shall be allowed to examine the person or body of the injured employee, as often as may be required. Refusal to allow such examination shall invalidate any and all claims hereunder.

6. The premium to be paid by the Assured for this policy is based upon the total amount paid and allowed by the Assured as compensation for services of all Assured's employees, except those specifically excluded in the Schedule, during the period of this policy, calculated at the rate or rates specified in the Schedule. In order to arrive at the amount payable at the beginning of the policy period the Assured has estimated the amount or amounts which will be paid and allowed as such compensation during said period at the sum or sums stated in the Schedule, and if at the end of said period the total amount of actual compensation exceeds the said estimate the Assured shall immediately pay the Company the additional premium earned, calculated at said rate or rates on said excess. If such actual compensation is less than said estimated sum or sums the Company shall refund to the Assured the unearned portion of the premium; but in any event the Company shall retain not less than the sum stated in the Schedule to be the minimum premium for the policy.

7. The Company shall have the right to require of the Assured at any time a sworn statement of the actual amount of the compensation paid and allowed all the employees covered hereunder during the whole or any specified part of the policy period, and the Assured shall furnish such statement within ten days after request therefor is made, provided such request is made within one year from the expiration of the policy period. The Company shall also have the right at all reasonable times to examine books and records of the Assured so far as they relate to the compensation paid and allowed all employees of the Assured covered hereunder, provided request for such examination is made within one year from the expiration of the policy period. The rendering of any estimate or statement of compensation earned by employees or any settlement for any premium shown by such estimate or state-

ment to be due shall not bar the Company's right to such examination of the books and records or to payment for any additional premium earned.

8. The policy may be cancelled at any time by written notice, served on or sent by registered letter to the Assured at the address given in the Schedule, stating the date when the cancellation shall be effective, which shall be subsequent to the date of the notice. It may be cancelled by the Assured by like notice to the Company. If cancelled by the Company it shall retain a pro rata premium, if cancelled by the assured, the Company shall retain a premium computed according to the customary short rates as shown in the Table appearing hereon. In either case the earned premium shall be based upon the premium for the full original policy period, to be determined in the manner provided in Condition No. 6, the compensation of employees during said original period being calculated by taking the actual compensation during the time the policy was in force as a basis. In any event the Company shall receive or retain the minimum premium stated in the Schedule. The Company's check, mailed to the address of the Assured as given in the Schedule, shall be a sufficient tender, but no return premium shall be payable until a statement of the actual pay-roll of the assured during the time this policy was in force shall have been furnished to the Company by the Assured, and audited by the Company if it so desires.

9. Any assignment of interest under this policy shall be void unless the written consent of the Company is endorsed hereon by the United States Manager.

10. An agent has no authority to change this policy or to waive any of its provisions, nor shall notice to any agent or his knowledge or that of any other person, be held to effect a waiver or change in this contract or in any part of it. No change whatever in this policy nor waiver of any of its provisions shall be valid unless an endorsement is added hereto, signed by the United States Manager of the Company expressing such waiver or change.

In Witness Whereof, THE.....INSURANCE COMPANY, of Frankfort-on-the-Main, Germany, has caused these presents to be signed by its United States Manager and Attorney, but same shall not be binding upon the Company until countersigned by a duly authorised and commissioned Agent.
Countersigned at.....this.....day of.....19....

.....
Authorized and Commissioned Agent.

.....
Manager and Attorney for the United States.

SCHEDULE OF STATEMENTS

By the Acceptance of this Policy the Assured makes and Warrants to be True each of the following Statements:

Statement 1: Name of Assured.....

Statement 2: Address of Assured.....
(Give Number, Street, Town, County and State where office is located.)

Statement 3: The Assured is.....
(State whether individual, copartnership, corporation, estate or trustee.)

Statement 4: The location of Assured's premises to be covered hereunder, the kind of trade or business conducted by the Assured on said premises, the estimated average number of employees engaged in such trade or business at each location and the estimated total compensation of such employees for the policy period, are correctly described and stated in the following table:

The Location of the Premises by Street and Number, Town and State is:.....

The kind of Trade or Business Conducted on said Premises is.....

.....

The Estimated Average Number of Employees is.....

The Estimated Total Compensation for policy period is.....

FORMS AND PRECEDENTS

- Premium Rate per \$100 of Compensation.....
 Estimated Premium.....
 Special Operations.....
 Employees operating hand-fed machines for stamping metal and operated by mechanical power.....
 Drivers and driver's helpers.....
 Operation of locomotives and cars by means of locomotives.....
 Advance premium payable at the beginning of policy period \$..
- Statement 5: No employees engaged in any of the special operations described in the above table are to be covered under this policy unless the estimated average number and the estimated compensation of employees engaged in such special operations are separately and specifically stated in the table. The estimate of total compensation of employees as stated in Statement 4 includes all amounts whether paid for regular time, over time or piece work, and all allowances whether paid in cash, board, store certificates, merchandise, credits or in any other way. The said estimate of total compensation includes the compensation of all persons in the service of the Assured (including officers if the Assured is a corporation) in connection with the business operations herein described, with the exception only of such persons as are specifically enumerated in Statement 6.
- Statement 6: Pursuant to the declaration in Statement 5 the compensation of the following officers and employees is excluded from this estimate.....
- Statement 7: There are no machines for stamping metal and operated by mechanical power at any location specified in Statement 4, except as follows:.....
- Statement 8: The operations carried on are those usual to the trade or business described above, except as follows:.....
- Statement 9: No explosives or chemicals are used, except as follows:.....
- Statement 10: The insurance described as follows is now carried by the Assured:
 Employer's Liability, \$..... Name of Co.....
 Public Liability, \$..... Name of Co.....
 Workmen's Collective Accident, \$..... Name of Co.....
 Boiler, \$..... Name of Co.....
 Elevator, \$..... Name of Co.....
 Teams, \$..... Name of Co.....
- Statement 11: No company has cancelled or refused to issue Workmen's Collective Accident, Liability, Elevator or Boiler insurance on the risk herein described during the past two years, except as follows:.....
- Statement 12: No company has insured the risk herein described during the past two years, except as follows:.....
- Statement 13: The entire compensation earned by all employees of the Assured during the year ending December 31 last was \$.....
- Statement 14: The minimum premium for this policy in accordance with provisions in Conditions 6 and 8 is \$.....

TABLE OF SHORT RATES

(Showing per cent. of premium earned by months)

Months since issue of Policy.....	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Policy issued for one year.....																		
Per cent. of Earned Premium....	20	30	40	50	60	70	75	80	85	90	95	100						
Policy issued for three years.....																		
Per cent. of Earned Premium....	10	15	20	23	27	30	33	37	40	43	47	50	53	57	60	63	67	70

ACCIDENT AND HEALTH POLICIES 379

Months since issue of Policy	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
Policy issued for one year																		
Per cent. of Earned Premium																		
Policy issued for three years																		
Per cent. of Earned Premium	72	73	75	77	78	80	82	83	85	87	88	90	92	93	95	97	98	100

Form 13—Certificate of Attending Physician

CERTIFICATE OF COMPANY'S MEDICAL EXAMINER

(To be furnished when examination is made upon request of the Company, or its Agent. Report should be made promptly after each examination)

Claim of, of under Accident Policy No., issued by the INSURANCE COMPANY of through, Agent at

I HEREBY CERTIFY, That on the day of 191 , I examined, of, and thoroughly investigated his case, and found that on the day of 191 , he (Describe the accident on account of which claim is being made) resulting as follows: (Describe injuries sustained, if any) (State what external evidence of injury, if any, existed.) (State what local and constitutional symptoms, if any, existed during period of disability.)

TOTAL DISABILITY

I FURTHER CERTIFY, That he was (not) confined to the house (at all) from 191 , to and including 191 , and was (not) WHOLLY prevented from performing ANY AND EVERY KIND OF BUSINESS PERTAINING TO HIS OCCUPATION of, solely in consequence of the causes above described, from 191 , to and including 191

PARTIAL DISABILITY

(NOTE. Partial disability means actual inability to perform one or more important daily duties pertaining to the occupation of the Insured.)

He has been unable to perform, as required of him in his occupation, any of the following IMPORTANT DAILY DUTIES, viz: from 191 , to and including 191 , solely in consequence of the causes above described. The probable further duration of disability is (Total days.) (Partial days.) Specify whether total or partial; if both, give estimated period of each

His present condition at this date is
(State here what the actual condition is and the prospects of complete recovery.)

Dated at.....191.....

I was graduated by.....In the year 18.....

Medical Examiner Insurance Co.

.....
(Post-Office Address in full.)

.....

CHAPTER LXXXVII
LIABILITY POLICIES

Form 14—English Public Liability Policy

.....
THE.....ASSURANCE COMPANY

PUBLIC LIABILITY (Vehicle Accidents) ASSURANCE

And Vehicle & Horse Assurance.

Policy No. T. P.

First Premium £

Date of Expiry.....19....

WHEREAS.....
(hereinafter called the Assured) has made to the.....ASSURANCE COMPANY
(hereinafter called the Company) a written proposal and declaration (dated the day
of the date hereof) containing certain particulars and statements which the Assured
has agreed shall be the basis of this contract and be considered as incorporated
herein:

Now THIS POLICY WITNESSES that subject to and in consideration of the pay-
ment to the Company of the above-mentioned Premium (which Premium is subject
to adjustment as hereinafter provided) for the following Assurance from noon on
the day of the date hereof to noon on the day on which this Policy expires as above
stated:

Indemnity for Vehicle Accidents. 1. IT IS HEREBY AGREED that the Com-
pany shall (subject as hereinafter expressed) recoup the Assured all the sums for
which the Assured shall be legally liable as and for compensation (including costs)
for personal injury to any person (not in the Assured's service and not being con-
veyed in the Assured's vehicle) or accidental damage to property (not in the As-
sured's custody or control and not belonging to a person in the Assured's service
or to a person being conveyed in the Assured's vehicle) caused through the fault or
negligence of the Assured, or of any Driver in the Assured's service when actually
engaged upon the Assured's business, while in charge of a vehicle described in the
Schedule hereto or by a horse or motor described in the said Schedule or by any
defect of such vehicle or of harness or through goods falling off such vehicle or when
loading or unloading such vehicle.

Provided that under this paragraph the Company's liability shall be limited to
.....pounds
in respect of any one accident occurrence (which term shall include a series of in-
juries and/or damages arising to different persons or properties from one original
cause), and to.....
pounds in any one year.

Insurance of Assured's Vehicles. 2. AND IT IS FURTHER AGREED that if no
other person or persons is or are liable to compensate the Assured for the damage or
loss described in the two paragraphs [(a) and (b)] next following:—

(a) The Company shall make good to the Assured any accidental damage to
any vehicle described in the Schedule hereto or to the harness appertaining thereto
occurring on a public road or private carriage road.

Provided that under this paragraph the Company's liability in respect of any

vehicle shall be limited to the actual value thereof at the time of the accident or to the amount stated in the said Schedule as its value, whichever is the less.

Insurance of Assured's Horses. (b) The Company shall pay to the Assured two-thirds of the actual value (at the time of the accident) of any horse described in the Schedule hereto which shall have been fatally injured by an accident while being used with any vehicle described in the said Schedule on a public road or private carriage road.

Provided that the horse's death shall have occurred within 14 days of the accident and that for the purposes of this Insurance no horse shall be deemed of greater value than £50.

3. This Policy may be from time to time renewed by mutual consent for such period and at such premium as the parties hereto may agree.

4. The first premium is and each renewal premium will be calculated on the statements and estimates furnished by the Assured with reference to the matters specified in the Schedule hereto. Within one month of the expiry of each period of indemnity the Assured shall furnish to the Company an adjusted statement with reference to all such matters for such expired period and the premium for such period shall thereupon be adjusted by the Company and the difference be paid by or allowed to the Assured as the case may be. The Assured shall at all times give to the Company and its Agents all necessary information with reference thereto and vouch the same in such manner as the Company may reasonably require.

5. The Company may at any time by seven days' notice given in writing to the Assured cancel and determine this Policy and in that case shall be under no liability in respect of any claim arising after the expiration of the said seven days and upon any such determination of the Policy the Company shall refund the unearned portion (if any) of the last premium paid.

6. If any question or difference shall arise between the parties hereto or their respective successors touching the meaning of this Policy and its conditions or as to the rights, obligations or liability of either party hereunder the same shall if desired by the Company or the Assured be referred to Arbitration under and pursuant to the provisions contained in the Company's Special Act 55 Victoria Cap. viii. as a condition precedent to the commencement of any action and no person shall be entitled to bring or maintain any action or proceeding on this Policy except for the sum awarded to be due under such Arbitration.

7. The due observance and fulfilment of the terms and conditions of this Policy (which conditions and all endorsements hereon are to be read as part of this Policy) shall be a condition precedent to any liability of the Company under this Policy.

Signed by a Director of the Company for and on behalf of the Company this day of 191....
Examined.....

.....
 Director.

Countersigned.....

Secretary.

NOTICE TO THE ASSURED.

No alteration in the terms of this policy or of its Conditions will be held valid unless the same is signed or initialled by the Secretary or other duly appointed Official at the Chief Office of the Company.

[Policy Form T. P. 7]

CONDITIONS.

1. Upon the occurrence of any event which may give rise to a claim under this Policy the Assured shall give notice with particulars thereof to the Company forthwith upon the Assured's having information thereof and in any case within seven days of the occurrence. The Assured on receiving any notice or information of a claim or of the intention of any person to make a claim upon the Assured shall within three days forward in writing to the Company such notice or information (send-

ing a copy thereof if the same shall have been received in writing) and shall in any case give to the Company in writing the name and address of the Claimant and the date and hour when and in detail the circumstances under which the event occurred and such information as the Assured may be able to obtain relative to the nature, extent and probable effects of the injuries and the condition of the injured person or of the damaged property at the date of the communication. The Assured shall further, as and when required by the Company and with all reasonable dispatch, furnish to the Company such other information as the Company may require, and such information shall if required be given upon forms supplied by the Company for the purpose. Notice given to a Manager or person having for the time being the chief control or supervision of any body of Workmen or of any Works shall for the purpose of this condition be notice to the Assured, and time shall be the essence of this condition.

2. The Company shall be at liberty to take upon themselves the settlement of any claim made upon the Assured and the Assured shall not, except at the Assured's own cost, make any payment, settlement or arrangement in respect of any such claim without the consent in writing of the Company. The Company shall be entitled to take over and during such period as they think proper have the conduct and control of the Defence in any proceedings taken to enforce any such claim and to defend the same in the name of the Assured, and the Company may prior to or at any stage of such proceedings when the total amount claimed (including costs, charges and expenses) in respect of any accidental occurrence is more than the limit of the Company's liability, pay to the Assured the full amount of the Company's liability under the Policy in respect of such claim or claims and shall thereupon be relieved from all further liability in respect of the claim or claims in question and shall not be responsible for any damage alleged to have been sustained by the Assured in consequence of any action or omission of the Company in connection with such claim or proceedings. The Company shall subject to the terms of this Policy indemnify the Assured against all costs and expenses of and incident to any such proceedings incurred while the Company retain such conduct and control but not subsequently, and the Assured shall render the Company every assistance in the Assured's power to enable the Company to resist any claim wholly or in part or to defend any such proceedings and shall use best endeavours to preserve any damaged or defective or other machinery appliances plant or other things which might prove necessary or useful by way of evidence in any such proceedings. The Assured shall if required by the Company and at the expense of the Company enforce for the benefit of the Company any order made for costs or otherwise or any rights of indemnity which the Assured may have against any other party or parties.

3. If at the time of a claim arising under this policy any insurance shall be existing with any other Company covering the Assured against the risk, this Company shall be liable only to make good an equal share with such other Company of the amount payable by the Assured in respect of such claim.

4. The Assured shall from time to time forthwith give to the Company notice of any change, alteration or addition which renders the wording of this Policy or of the Schedule hereto (or in the case of a renewal of this Policy the wording of the Schedule of the Renewal Receipt) in any way inaccurate or incomplete or which in any way effects the Company's liability. And in default of such notice, or if the Company decline to continue the Policy in consequence of the information furnished in compliance with this condition, this Policy shall immediately become null and void to all intents and purposes.

5. If there shall be an omission of a material fact or any misstatement by or on behalf of the Assured in the Proposal for this insurance, or in the particulars furnished for the adjustment under clause 4 or for renewing the insurance, or in support of any claim, this Policy shall be void to all intents and purposes and any Premium paid thereon shall be forfeited.

6. The Assured shall at all times by personal or other competent supervision use all reasonable precautions calculated to mitigate or remove risk of personal injury or of damage to property and shall employ only steady and competent drivers over eighteen years of age.

7. The Company shall not be liable for wear and tear, fire or explosion or

damage caused thereby or for damage to rubber tyres due to punctures, bursting or tearing.

8. Every notice and communication to be given or made by the Assured shall be in writing and shall be sent by post under cover addressed to or be delivered at the Chief Office of the Company in London. No notice or communication otherwise given or made shall be recognised for any purpose whatever.

SCHEDULE.

Number of Vehicles.....
 Description of Vehicles.....
 Motive Power.....
 Date when made.....
 Original Cost.....
 Assured's Statement of Present Value.....
 Description of Horses..... Age.....
 Original Cost.....
 Assured's Statement of Present Value.....
 Place of Employment.....

Form 15—General Liability Policy

Policy No.....

THE.....INSURANCE COMPANY

General Liability Policy.

In Consideration OF THE PREMIUM HEREIN PROVIDED, THE.....INSURANCE COMPANY OF.....

DOES HEREBY AGREE TO INDEMNIFY

Insuring Clause. The Assured described in the Warranties hereof, within the amounts as expressed herein, AGAINST LOSS AND/OR EXPENSE ARISING OR RESULTING FROM CLAIMS UPON THE ASSURED FOR DAMAGES on account of bodily injuries and/or death accidentally suffered, or alleged to have been suffered, by any person or persons while within or upon the premises described in said Warranties (or the premises adjacent thereto) and/or by reason of the business as described and conducted at the locations named therein (including ordinary repairs of the premises and/or elevator plant, and the renewal of existing mechanical equipment), save and except claims arising by reason of:

(1) Injuries and/or death to or caused by any person employed in violation of law while in charge of or operating any elevator or any person so employed under the age of sixteen (16) years where no age limit is fixed by law for elevator attendants, or any person otherwise employed in violation of law as to age or under the age of fourteen (14) years where there is no legal restriction as to age of employment.

(2) Injuries and/or death to any person (other than drivers and drivers' helpers employed by the Assured) caused by any draught or driving animal or vehicle, or by a person while driving or using same, away from the premises described in the Warranties thereof.

(3) The making of additions to or the alteration or extraordinary repair of the premises or elevator plant, and/or the operation or use of any elevator while additions to, or the alteration or extraordinary repair of the elevator plant are in

process, unless a written permit describing the work to be undertaken is granted by the Company.

(4) Liability of others assumed by the Assured under any contract or agreement, oral or written.

Subject to all agreements and conditions hereof, claims are covered whenever arising, on account of accidents or alleged accidents occurring within the policy period stated herein.

THIS INSURANCE IS SUBJECT TO THE FOLLOWING CONDITIONS:

Reporting Accidents and Claims. (a) Upon the occurrence of an accident covered by this Policy the Assured shall give immediate written notice thereof, with the fullest information obtainable at the time, to the Company or its duly authorized agent. If a claim is made on account of such accident the Assured shall give like notice thereof with full particulars. The Assured shall at all times render to the Company all co-operation and assistance in his power.

Report and Defense of Suits. (b) If suit is brought against the Assured to enforce a claim for damages covered by this Policy he shall immediately forward to the Company every summons or other process as soon as the same shall have been served on him, and the Company will, at its own cost, defend such suit in the name and on behalf of the Assured.

Co-operation of Assured. (c) The Assured, whenever requested by the Company, shall aid in effecting settlements, securing information and evidence, the attendance of witnesses and in prosecuting appeals, but the Assured shall not voluntarily assume any liability or interfere in any negotiation for settlement, or in any legal proceeding, or incur any expense, or settle any claim, except at his own cost, without the written consent of the Company previously given, except that the Assured may provide at the Company's expense such immediate surgical relief as is imperative at the time of the accident.

Assured's Right of Recovery. (d) No action shall lie against the Company to recover for any loss and/or expense under this Policy unless it shall be brought by the Assured for loss and/or expense actually sustained and paid in money by him after actual trial of the issue, nor unless such action is brought within two years after payment of such loss and/or expense.

Subrogation of Rights. (e) In case of payment of loss and/or expense under this Policy the Company shall be subrogated, to the amount of such payment, to the Assured's rights of recovery against others for such loss and/or expense, and the Assured shall execute all papers required and shall co-operate with the Company to secure such rights.

Concurrent Insurance. (f) If the Assured carry a policy of another insurer, against any loss and/or expense covered by this Policy, the Assured shall not recover from the Company a larger proportion of the entire loss and/or expense than the amount hereby insured bears to the total amount of valid and collectible insurance applicable thereto.

Change of Interest. (g) No assignment of interest under this Policy shall be valid unless the written consent of the Company is endorsed hereon, signed by its President, a Vice-President, Secretary or Assistant Secretary.

Basis of Premium. (h) The premium for this Policy is calculated upon:

- (1) The entire floor area and street frontage of the premises described in the Warranties hereof.
- (2) The number and kind of elevators described in said Warranties, if any.
- (3) The entire compensation earned by all employees of the Assured, not herein specifically excluded, engaged in the business as described in said Warranties, during the period of this Policy.

If such entire compensation is greater or less than the estimated sum stated in said Warranties, for the period of this Policy, the premium charge shall be subject to adjustment at the rates stated therein, but in any event the Company shall retain the minimum premium stated in said Warranties.

Wage Statements. (i) The Assured shall, when requested, furnish the Company with a written statement of the amount of compensation, according to classifications described in the Warranties hereof, earned by all persons engaged in the business covered by this Policy during the whole or any part of the Policy period. The Company shall be permitted at all reasonable times to examine the books and records of the Assured as respects such compensation, provided a request for such examination is made within one year from the expiration of the Policy period, and the assured shall render all reasonable assistance. The rendering of any statement of such compensation, or any payment of premium thereon shall not bar the examination herein provided for, nor the Company's right to any additional premium earned.

Inspection. (j) The Company shall be permitted at all reasonable times to inspect the premises and elevators of the Assured, and the Company or any of its duly authorized representatives may suspend this insurance in so far as it applies to elevators until any defects or dangerous conditions found are remedied to the satisfaction of the Company. Notice of such suspension and the reason therefor, and of the reinstatement of the insurance, must be in writing. For the period of such suspension the Company will allow a pro rata return premium.

Cancellation. (k) This Policy may be cancelled at any time by either of the parties hereto upon written notice to the other party stating when thereafter cancellation shall be effective. The date of cancellation shall then be the end of the Policy period. If such cancellation is at the request of the Assured, the earned premium shall be calculated at short rates in accordance with the table printed hereon, that portion of said earned premium based upon the compensation of employees to be computed upon the compensation for the full original Policy period based upon the compensation to date of cancellation. In any event where cancellation is at the request of the Assured, the Company shall retain not less than the minimum premium stated in said Warranties. Notice of cancellation mailed to the address of the Assured stated in said Warranties shall be a sufficient notice, and the check of the Company similarly mailed a sufficient tender of any unearned premium, when determined.

Alterations in Policy. (l) No condition or provision of this Policy shall be waived or altered except by written endorsement attached hereto and signed by the President, a Vice-President, Secretary or Assistant Secretary of the Company; nor shall notice to any agent, nor shall knowledge possessed by any agent or by any other person, be held to effect a waiver or change in any part of this contract. Upon the acceptance of this Policy the Assured agrees that its terms embody all agreements then existing between himself and the Company or any of its agents relating to the insurance described herein. The personal pronoun herein used to refer to the Assured shall apply regardless of number and gender.

Authorized Agents. (m) No person shall be deemed an agent of the Company unless such person is authorized in writing as such agent by the President, a Vice-President, Secretary or Assistant Secretary of the Company.

Limits of Indemnity. (n) The Company's liability for loss on account of an accident resulting in bodily injuries and/or death to one person is limited to Dollars (\$); and, subject to the same limit for each person, the Company's total liability for loss on account of any one accident resulting in bodily injuries and/or death to more than one person is limited to Dollars (\$). The Company will however, as provided in Conditions (b) and (c) hereof, pay the expense of litigation in addition to the sum herein limited and will also pay all costs taxed against the Assured in any legal proceeding defended by the Company, and interest accruing after entry of judgment upon such part thereof as shall not be in excess of the limits of the Company's liability herein expressed.

Policy Period. (o) The Policy period shall be months, beginning on the day of 191 at noon, and ending on the day of 191 at noon, standard time at the location of the business or premises described in the Warranties hereof.

Warranties. (p) The following Warranties, numbered 1 to 14 inclusive, are hereby made a part of this contract, and are acknowledged and warranted by the Assured to be true upon the acceptance of this Policy, except such as are declared to be matters of estimate only.

WARRANTIES

1. Name of Assured.
2. Address of Assured
(Name, Street, Town, County and State where Head Office is located.)
3. The Assured is.
(State whether individual, estate, co-partnership or corporation, and if a corporation name State in which incorporated; if a co-partnership give the names of each member thereof.)
4. The interest of the Assured in the premises and elevators is that of.
(State whether owner or tenant, and if not charged with sole operation and control, state with whom operation and control are shared.)
5. The part of the premises occupied by Assured is.
6. Location of insured premises by street and number.
Town and State.
Description of business and use to which premises are put.
The estimated average number of employees is.
The occupation of the employees is.
The estimated compensation of the employees is.
Premium rate per \$100 of compensation of employees is.
7. The entire compensation of the employees described herein includes that of all persons employed (whether compensated by salary, wages, for piece work, overtime or allowances, and whether paid in cash—in whole or in part—in board, store certificates, merchandise, credits or any substitute for cash), at the above locations, for the purpose of the trade or business described herein to whom compensation of any nature is paid (except drivers who are specifically enumerated in any concurrent Teams policy carried by the Assured with this Company), including the President, Vice-President, Secretary and Treasurer, except as follows:
8. The places where the elevators are located, the number, the number of landings and the kind of elevators at each location are as follows:
Street number and name of building where elevator is located.
Location in building.
Number of Elevators.
Kind. (State whether passenger, freight, passenger and freight, sidewalk, one story (inside building), or hand hoist.)
Maker and power used.
Number of landings.
9. The estimated premium for this Policy is. Dollars
(\$.....), due and payable as follows:
.....191. (\$.....)191. (\$.....)
.....191. (\$.....)191. (\$.....)
10. No dynamite, nitroglycerine or explosive powder is made, sold, kept or used on the premises, except as follows:
11. Neither the premises or the elevators are in process of construction, or are undergoing repairs, except as follows:
12. There is no hoist, elevator, escalator or moving platform, except dumb waiters, at any location designated, which is not disclosed herein, except as follows: ..
13. Inspection reports and other notices and correspondence are to be mailed to the Assured at the address given herein, or to.
at (Give address)
If to the latter, it is by request of the Assured who acknowledges such person as his proper agent for this purpose.

14. The minimum premium for this Policy shall be
Dollars (\$.....).

In Witness Whereof, The INSURANCE COMPANY has caused these
presents to be signed by its President and Secretary, but the same shall not be
binding unless countersigned by an authorized agent of the Company.

.....
Secretary.

..... President.

Countersigned at.....this.....day of.....191 ..

.....
General Agent.

CHAPTER LXXXVIII

GENERAL POLICIES

Form 16—Bankers' Burglary Policy

THE.....SURETY COMPANY

of New York.

Home Office, 115 Broadway.

Policy No. B

\$.....

IN CONSIDERATION of.....Dollars (\$.....)
premium, and of the statements in the Schedule hereinafter contained in reliance
upon which statements this Policy and the Premium cost thereof are based the
.....SURETY COMPANY, hereinafter called the Company
Will Indemnify.....

of.....County of.....
State of.....hereinafter called the Assured,
IN THE TOTAL SUM of.....Dollars (\$.....)
and no more, for the term of.....months beginning on
the.....day of.....19.....at noon, and ending on
the.....day of.....19.....at noon, Standard Time,
at the place of Risk subject to the Agreements, Terms and Conditions hereinafter
contained which are to be construed as co-ordinate conditions and precedent to any
recovery under this Policy.

Indemnity Sections. (a) FOR ALL LOSS BY BURGLARY of Money, Bullion, Bank Notes signed or unsigned, Checks, Uncanceled Postage and Revenue Stamps, Express, Postal and Bank Money Orders, Bonds, Debentures, Negotiable Securities, Certificates of Stock, Demand and Time Drafts, *Certificates of Deposit, and Bills of Exchange* and Promissory Notes not overdue, in consequence of the felonious abstraction of the same during the day or night from the safe or safes, or from the vault, as provided in Section 11 of the Schedule, and located in the Banking Room described in said Schedule and hereinafter called the premises, by any person or persons who shall break into such safe or safes, or vault, by the use of tools or explosives;

(b) FOR ALL LOSS BY DAMAGE to such Safe or Safes, or to the Vault, or to the Office Furniture and Fixtures in use in the bank, or to the said premises, or to Money or Negotiable Securities, caused by such burglarious entry or attempt thereat, to the extent of the Assured's interest or his liability as tenant;

(c) FOR ALL LOSS BY ROBBERY (*commonly known as "Hold-Up"*) of Money, Bullion, Bank Notes signed or unsigned, Checks, Uncanceled Postage and Revenue Stamps, Express, Postal and Bank Money Orders, Bonds, Debentures, Negotiable Securities, Certificates of Stock, Demand and Time Drafts, *Certificates of Deposit, and Bills of Exchange* and Promissory Notes not overdue, feloniously, violently and forcibly taken from that part of the Banking Room partitioned off by suitable guard rails or counters and provided for the exclusive use of the Officers and Employees of the Bank in the transaction of the business, provided that at the time of such robbery one or more office employees of the bank is regularly at work therein; and

(d) FOR ALL LOSS BY ROBBERY of Money, Bullion, Bank Notes signed or unsigned, Checks, Uncanceled Postage and Revenue Stamps, Express, Postal and

Bank Money Orders, Bonds, Debentures, Negotiable Securities, Certificates of Stock, Demand and Time Drafts, Certificates of Deposit, and Bills of Exchange and Promissory Notes not overdue, caused by any officer or employee of the bank being wrongfully and by force and violence compelled, by any person other than an officer or employee of the bank, at any hour of the day or night during the term of this policy, to open any safe or vault designated in Section 11 of the schedule as insured hereunder;

Provided the assured shall have used all reasonable care to protect his premises, property, himself and employees against such robbery.

AGREEMENTS

Misstatement in Description. 1. *In case of misstatement in description of safe, vault or protective appliances, or failure to maintain watchman's service, as described in the schedule of this Policy, the insurance hereunder shall not be forfeited, but the Company shall pay the amount of indemnity which the premium paid would have purchased at the rate charged by the Company for the actual hazard.*

Detective Service. 2. *In the event of a Burglary, Robbery, or Hold-Up, or attempt thereof, the Company agrees, at its own sole expense, to furnish competent detective service to endeavor to apprehend and convict the person or persons engaged in such Burglary, Robbery, or Hold-Up, or attempt thereof.*

Company not liable. 3. The Company shall not be liable:—(a) For loss of Negotiable Securities, Checks, Demand and Time Drafts, Promissory Notes and Express, Postal and Bank Money Orders unless they belong to the Assured or are held in trust or as collateral for loans made and unless after their loss they shall have been presented to and been paid by their respective makers or by the officers upon which drawn, and no claim shall be allowed thereupon unless the Assured has used all due diligence and proper means to stop payment thereof; (b) For loss of securities for an amount in excess of the cash or market value of same at the date of loss; (c) For loss or damage if the Assured, or any associate in interest, servant or employee, or other person lawfully upon the premises is concerned in the burglary, robbery or attempt thereof, as principal or accessory; (d) If the books and accounts of the Assured and daily tally of money are not so kept that the loss may be accurately determined therefrom; (e) For loss of Money, Bullion, or Negotiable Securities, from any safe containing an inner steel so called Burglar-proof Chest, unless the same shall have been abstracted from such Chest after entry into the said Chest, or unless specific insurance is effected hereunder outside of the said Chest, and then only as may be provided in the Schedule; but ten per cent. of the insurance granted by this policy may apply to subsidiary coin, negotiable securities and promissory notes not overdue, outside of the Chest, but contained within the safe; (f) For loss from, or contributed to by, undue exposure of any safe or vault during repairs to it or to the building in which it is contained; (g) For loss from, or contributed to by:—Explosives, except only when used by burglars or robbers; Fire on the premises, unless caused by burglars or robbers; water, invasion, insurrection, strikes, riot or war; The act of any civil, military or usurping power; The action of the elements.

AGREEMENTS—Continued.

Lock-out. 4. The Assured shall immediately notify the Company, by telegraph at its Home Office in the City of New York if a lock-out occurs, which necessitates the opening by force of a safe or vault insured hereunder, and shall also give immediately by letter a full description of the way in which the safe or vault was opened, how and by whom repaired, and whether it is the intention of the Assured to continue its use, otherwise this insurance shall cease and determine.

Definitions. 5. (a) The terms "Negotiable Securities, Bonds, Debentures, Certificates of Stocks, Checks, Demand and Time Drafts and Promissory Notes" as used in this policy include only such evidences of debt as are negotiable by any holder thereof, and as respects which, when so negotiated the Assured has no recourse against the innocent holder, but all said Negotiable Securities, Bonds, Debentures, Certificates of Stock, Checks, Demand and Time Drafts and Promissory

Notes which cannot be duplicated and have been destroyed as the result of the burglary or robbery, shall be paid for at the full value thereof; (b) "Fireproof" as used in this Policy shall be deemed to mean that class of safe or vault so designated by safe manufacturers to denote construction intended to protect against loss by fire only; "Fire and Burglar-proof," as used in this Policy shall be deemed to mean that class of safe or vault so designated by safe manufacturers to denote construction intended to protect against loss by fire and burglary; "Burglar-proof," as used in this Policy, shall be deemed to mean that class of safe or vault so designated by safe manufacturers to denote construction intended to protect against loss by burglary only; (c) The term Bank or Banking Room in this policy, applies to the corresponding room or rooms in a Trust Company or Safe Deposit Company.

Immediate Notice of loss. 6. The assured upon discovery of any burglary, robbery or attempt thereof shall give immediate notice thereof by telegraph to the Home Office of the Company, in New York City, or to the General Agent who has countersigned this policy, briefly stating particulars and probable amount of loss (both telegraphic messages at the Company's expense), and shall also give immediate notice thereof to the public police authorities having jurisdiction. The Assured shall also forward to the Home Office of the Company full written details of the nature of the loss.

Particulars of loss. 7. In the event of a claim for loss or damage arising under this policy the same shall be made forthwith in writing, duly subscribed by the Assured and certified to in manner required by the Proof of Loss Form in use by the Company. The said Loss Form will be delivered to the Assured upon demand, but the delivery of the said Loss Form shall not be held to be a waiver of any provision or condition of this policy or of any forfeiture thereof, nor shall any action taken in connection with the investigation of any claim be considered as such waiver.

Adjustment of loss. 8. The Company and its Representatives shall have the right and opportunity, as it may deem needful, to inspect the premises of the Assured at all reasonable times, and the Assured shall in substantiation of his claim and to facilitate the adjustment thereof produce, at the place of loss, whenever requested, any and all books, papers and vouchers bearing in any way upon the claim made, and shall submit himself and associates in interest and his household and employees to examination and interrogation by the Company's representatives, under oath if required, and subscribe the same, and shall produce such other evidence as may be reasonably required to substantiate the claim, and such reasonable adjournments of the said examinations as the Company may desire shall be allowed, and any of the parties, including the Assured, so appearing for examination, shall upon the demand of the Company be again produced for a second and further interrogation and any alleged loss, in connection with which the Assured shall refuse to comply with this provision shall not be held to constitute a cause of action against the Company under this policy. The Company, if it so elects, shall have the entire charge of the prosecution of the offenders and the Assured shall give to the Company all reasonable assistance (not pecuniary) in legal proceedings or for recovery of the property insured.

Fraud and Assignment and other Insurance. 9. This policy shall be void and thereupon cease and determine if the conditions or circumstances of the risk are changed without the written consent of the Company endorsed hereon; or, if the Assured defrauds or attempts in any way to defraud the Company; or, if the policy is assigned without the written consent of the Company, duly executed on the part of the Company, or, if the property insured hereunder be or become incumbered by a chattel mortgage or bill of sale. If the Assured, or any other party in interest, carry a policy of another insurer covering in whole or in part property insured by this policy, he shall not be entitled to recover from this Company a larger proportion of the amount of the loss than the sum hereby insured bears to the whole amount of the valid and collectible insurance. Due notice of such other insurance when effected must be given to this Company and endorsed in writing hereon.

Payment of loss and Subrogation. 10. Any loss of which satisfactory proof has been given to the Company shall be payable immediately upon the submission of such proof, and all sums which, from time to time, may be paid or expended by way

of indemnity to the Assured under this policy, shall be accounted in diminution of the sum insured. No suit shall be brought under this policy until ninety days after the particulars of the loss as required herein have been furnished to the Company, nor at all, unless commenced within twelve months from the time when a cause of action for the loss accrues. In case of loss under this policy the Company shall be subrogated to all claims or rights of the Assured in respect to such loss against any other party or parties to the extent of the Company's loss, and the Assured shall execute any and all papers required to secure to the Company such claims or rights.

Reinstatement and recovery. 11. The Company may repair any damage to property or premises, and it may replace any damaged article with one of like quality, pattern, and value, instead of paying for the same in money. When so replaced, the damaged article shall belong to the Company.

Cancellation. 12. This policy may be cancelled at any time by five days' written notice served upon the Assured by a representative of the Company or mailed to the Assured at the address of the said premises. In either case the Assured shall be entitled to receive the unearned premium computed pro rata. The Assured may require the cancellation of the policy at any time and the Company shall retain in such case the earned premium computed at customary short rates. The check of the Company or its agent for the unearned premium mailed to the address of the Assured herein given shall be a sufficient tender of payment.

Policy conditions and renewals. 13. No agent has authority to change this policy or waive any of its provisions, nor shall any notice to the Agent or knowledge of his or any other person be held to effect a waiver or change in this contract or in any part of it. Whenever the written consent of the Company is required by the terms of this policy, an endorsement expressing same must be added hereto, signed by some Executive Officer of the Company, and no change whatever in this policy or waiver of any of its provisions shall be valid unless an endorsement is added hereto executed in the same manner. Any attachment (or rider) to this policy, extending or limiting the insurance hereunder, shall be subject to all stipulations and provisions of such attachment (or rider) and to those herein contained, not conflicting with the special terms of such attachment (or rider) and shall be equally as binding upon the Company and the Assured as if incorporated herein.

SCHEDULE.

1. Name of Assured.....
If a private bank, state the names of all partners.....
2. Location of Building.....
Street and Number or Lot No. and Block No.
City or Town.....
County.....
State.....
3. The usual hours of transacting business are from a. m. to p. m.
except on when the bank is also open
from a. m. to p. m.
4. The safe or safes are described and designated as follows:—
 - (a) Maker's name.....
(a) Safe No. 1..... (a) Safe No. 2.....
 - (b) Maker's safe No.
(b) Safe No. 1..... (b) Safe No. 2.....
 - (c) Maker's style No., or letter.....
(c) Safe No. 1..... (c) Safe No. 2.....
 - (d) The safe proper is FIRE-PROOF—(built of iron with concrete filling) BURGLAR-PROOF—(built of solid steel or steel plates). FIRE AND BURGLAR-PROOF—(i. e., Fire-proof, with steel lining and exposed bolt work—steel).
(d) Safe No. 1. State which?..... (d) Safe No. 2. State which?....
 - (e) Safe is or is not enclosed in FIRE-PROOF casing.....
(e) Safe No. 1. Yes or No..... (e) Safe No. 2. Yes or No.....
 - (f) Thickness of Outer BURGLAR-PROOF door exclusive of bolt work is.....
(f) Safe No. 1..... inches (f) Safe No. 2..... inches

- (g) Outer BURGLAR-PROOF door is locked by combination or time lock or by both.
 (g) Safe No. 1. State which?.....(g) Safe No. 2. State which.....
- (h) Safe contains an inner steel BURGLAR-PROOF chest.
 (h) Safe No. 1. Yes or No.....(h) Safe No. 2. Yes or No.....
- (i) Thickness of Chest Door, exclusive of bolt work, is.....
 (i) Safe No. 1.....inches (i) Safe No. 2.....inches
- (j) Chest door is locked by combination or time lock or by both.....
 (j) Safe No. 1. State which.....(j) Safe No. 2. State which.....
- (k) Safe has a second or middle Burglar-proof door or set of doors between the outer safe door and the door to the inner steel chest, reaching from top to bottom, enclosing chest.
 (k) Safe No. 1. Yes or No.....(k) Safe No. 2. Yes or No.....
- (l) Thickness of such middle door, exclusive of bolt work, is.....
 (l) Safe No. 1.....inches (l) Safe No. 2.....inches
- (m) Middle door or set of doors is locked by combination or time lock or by both.
 (m) Safe No. 1. State which.....(m) Safe No. 2. State which.....
- (n) State which door, if any, is a round or screw door.....
 (n).....
- (o) Safe was purchased as a new or second-hand safe.....
 (o) Safe No. 1. State which and when?.....Year
 (o) Safe No. 2. State which and when?.....Year
- (p) The safe was manufactured.....
 (p) Safe No. 1.....Year (p) Safe No. 2.....Year
- (q) Price paid for safe by present owner was.....
 (q) Safe No. 1. \$.....(q) Safe No. 2. \$.....
- (r) Safe stands within the vault described in statement 5.....
 (r) Safe No. 1. Yes or No.....(r) Safe No. 2. Yes or No.....
5. The vault was built in year (Approximate) and is described as follows: If Fire-Proof, so state. (No further particulars are necessary).....
 (a) Name of Maker of vault door?.....
 (b) Maker's No. on handle of Vault door.....
 (c) Vault doors are or are not burglar-proof, i. e., of solid steel construction.....
 State which.....
 Outer Door.....
 Inner Door(s).....
- (d) Thickness of each door, exclusive of bolt work, is.....
 Outer Door.....inches
 Inner Door(s).....inches
- (e) The number of bolts locking each door is.....
- (f) There is or is not a combination lock upon the door.....
 Yes or No.....
- (g) There is or is not a time lock upon the door.....
 Yes or No.....
- (h) Vault door or doors, inclusive of lining, if any, cost \$.....
- (i) Entire Vault Cost \$.....
- (j) The Vault is lined on all sides with steel. Yes or No.....
 Thickness.....inches
- (k) The Vault is built of brick, concrete, stone or granite of uniform thickness. State which?.....
 Thickness.....inches
6. All combinations and time-locks will be regularly used during the currency of this insurance, except as herein stated.....
7. None of the safes or vaults covered by this insurance have been rebuilt or repaired except as herein stated.....
 If so, repairs were made by.....
8. Neither the vault, safe or safes have ever been attacked by Burglars except as follows:.....
 If so attacked, the repairs were made by.....

9. A Burglar Alarm System (Is or is not)..... used
 It is described as follows:.....
 Name of System?.....
 To what attached?.....
 Where outside connections are located?.....
 Where alarm is sounded?.....
 Cost of Alarm?.....
 and such burglar alarm system will be maintained during the currency of this insurance in proper working order to the best ability of the Assured and will be tested and left duly connected for the night at the close of business each day.
10. During the currency of this insurance, watchman will be employed to remain on duty throughout the night time as follows:.....
 (a) Outside the premises, registering on Watchman's clock.....
 Yes or No.....
 (b) Outside the premises, signaling central station hourly.....
 Yes or No.....
 (c) Inside the premises.....
 Yes or No.....
 (d) Inside the premises, signaling central station hourly.....
 Yes or No.....
11. The insurance granted by this Policy attaches specifically, as stated herein in Sub-divisions (a) to (g) respectively, and the total sum insured and the Company's liability under the Policy is..... Dollars
 Item (a) \$..... on contents of Safe No. 1, as described in Indemnity Section A, the approximate daily balance of money and specie being \$.....
 Item (b) \$..... on contents of Safe No. 2, as described in Indemnity Section A, the approximate daily balance of money and specie being \$.....
 Item (c) \$..... on contents of Safe No..... as described in Indemnity Section A, outside of the chest, in excess of 10% of the insurance attaching to item (a).
 Item (d) \$..... on contents of Safe No..... as described in Indemnity Section A, outside of the chest, in excess of 10% of the insurance attaching to item (b).
 Item (e) \$..... on contents of vault as described in Indemnity Section A, the approximate daily balance of money and specie being \$.....
 Item (f) \$..... loss by damage as described in Indemnity Section B.
 Item (g) \$..... loss by Robbery and Hold-up as described in Indemnity Sections C and D.
12. The assured has no burglary insurance, except as herein stated: \$.....
 State amount of other insurance, if any \$.....
 State amount of other insurance applied for, if any \$.....
 State name of Company in either case.....
 Date of expiration of such policy.....
- In Witness Whereof*, the..... SURETY COMPANY, OF NEW YORK, has caused this Policy to be duly executed at its Home Office, in the City of New York, by its President and Secretary, but the same shall not be binding upon the Company until countersigned by the duly authorized agent or representative of the Company at.....
 Countersigned by.....

.....
 Authorized Agent.

.....
 President.

Attest:

.....
 Secretary.

Form 17—Residence Burglary Policy

.....
 IN CONSIDERATION of Dollars (\$)
 premium, and of the statements in the Schedule hereinafter contained, which state-
 ments the Assured makes on the acceptance of this Policy and warrants to be true,
 the SURETY COMPANY, hereinafter called the Company.
 Does hereby agree to indemnify
 of
 County of State of hereinafter called the Assured,
 In the Total Sum of Dollars (\$)
 and no more, for the term of months beginning on
 the day of 19 at noon, and ending on
 the day of 19 at noon, Standard Time,
 subject to the hereinafter Special and General Agreements, Terms and Conditions
 which are to be construed as co-ordinate conditions and precedent to any recovery
 under this Policy.

(Attach Rider Here)

GENERAL AGREEMENTS

Company not liable. 1. The Company shall not be liable: (a) For loss or damage in excess of the actual cash value at the date of the loss of the property taken or damaged. (b) For loss of or damage to premises unless owned by the Assured. (c) For loss upon plate glass or damage thereto. (d) For loss from or contributed to by:—Explosives, except only when used by burglars or robbers; Fire, or an alarm of fire in the building or adjacent buildings; Water; Invasion, Insurrection, Riot or War; The act of any civil, military or usurping power; The action of the elements. (e) For any loss while the premises are undergoing repairs, renovation or alteration, extending over a period of more than three consecutive days, unless entrance into the premises shall have been effected by the use of tools or explosives, and unless there are visible marks upon the premises made by tools or explosives of the actual force and violence used in making felonious entry into the said premises or exit therefrom. (f) For loss of negotiable securities, Express and Postal Money Orders, Bonds, Debentures, Demand and Time Drafts and Promissory Notes not overdue except only when they are evidences of debt negotiable by any holder thereof; and as respects which when so negotiated the Assured has no recourse against the innocent holder; nor unless after the robbery the same shall have been presented to and paid by their respective makers, or the post offices, or express companies, or banking institutions upon which they have been respectively drawn; nor unless immediately after the robbery the Assured shall have taken all proper and reasonable means to stop payment of the same.

Immediate notice of loss. 2. The Assured upon discovery of any loss for which claim will be made upon the Company under this policy shall give immediate notice thereof by telegraph to the Home Office of the Company in New York City, or to the General Agent who has countersigned this policy, briefly stating particulars and probable amount of loss (both telegraphic messages at the Company's expense), and shall also give immediate notice thereof to the Company's local authorized Agent and the public police authorities having jurisdiction. The Assured shall also forward to the Home Office of the Company full written details of the nature of the loss.

Particulars of loss. 3. In the event of a claim for loss or damage arising under this policy the same shall be made forthwith in writing duly subscribed by the Assured and certified to in a manner required by the Proof of Loss Form in use by the Company. The said Loss Form will be delivered to the Assured upon demand, but the delivery of the said Loss Form shall not be held to be a waiver of any provision or condition of this policy or any forfeiture thereof nor shall any act

taken in connection with the investigation of any claim be considered as any such waiver.

Adjustment of loss. 4. The Company and its representatives shall have the right and opportunity to inspect the premises of the Assured at such times as it may deem needful, and the Assured shall in substantiation of his claim and to facilitate the adjustment thereof produce whenever requested any and all books, papers and vouchers bearing in any way upon the claim made, and shall submit himself and associates in interest and his household and employees to examination and interrogation by the Company's representatives, under oath if required, and subscribe the same, and shall produce such other evidence as may be reasonably required to substantiate the claim, and such reasonable adjournments of the said examinations as the Company may desire shall be allowed and any of the parties, including the Assured, so appearing for examination, shall upon the demand of the Company be again produced for a second and further interrogation, and any alleged loss, in connection with which the Assured shall refuse to comply with this provision shall not be held to constitute a cause of action against the Company under this policy. The Assured shall also produce direct and affirmative evidence that the loss of article or articles for which claim is made was due to the commission of a burglary, theft or larceny; the disappearance of such article or articles not to be deemed such evidence. The Company, if it so elects, shall have the entire charge of the prosecution of the offenders, and the Assured shall give to the Company all reasonable assistance (not pecuniary) in legal proceedings or for recovery of the insured property.

Fraud and assignment. 5. This policy shall be void and thereupon cease and determine if the conditions or circumstances of the risk are changed without the written consent of the Company endorsed hereon; or if the Assured attempts in any way to defraud the Company, or if the policy is assigned without the written consent of the Company, duly executed on the part of the Company, or if the property insured hereunder be or become incumbered by a chattel mortgage or bill of sale.

Other insurance. 6. If the Assured, or any other party interested, carry a policy of another insurer, covering in whole or in part upon property insured by this policy he shall not be entitled to recover from the Company a larger proportion of the amount of the loss than the sum hereby insured bears to the whole amount of the valid and collectible insurance. Due notice of such other insurance when effected, must be given to the Company and indorsed in writing hereon.

Payment of loss and subrogation. 7. Any loss of which satisfactory proof has been given to the Company shall be payable immediately upon the submission of such proof, and all sums which from time to time may be paid or expended by way of indemnity to the Assured under this policy shall be accounted in diminution of the sum insured. No suit shall be brought under this policy until ninety days after the particulars of the loss as required herein have been furnished to the Company nor at all, unless commenced within twelve months after the date of the alleged loss. In case of loss under this policy the Company shall be subrogated to all claims or rights of the Assured in respect to such loss against any other party or parties to the extent of the Company's loss, and the Assured shall execute any and all papers required to secure the Company such claims or rights.

Reinstatement and recovery. 8. The Company may repair any damage to property or premises and it may replace any damaged or stolen article with one of like quality, pattern and value, instead of paying for the same in money. When so replaced, the damaged or stolen article shall belong to the Company, but the Assured shall be entitled to it upon payment to the Company of the cost of its replacement or the amount paid in money on account of its loss. If the Assured has returned to him or recovers any article for loss of which he has been indemnified, he shall report its recovery to the Company, and shall either repay to the Company the amount of its loss thereon, or forward the article to the Company at its Home Office.

Cancellation. 9. This policy may be cancelled at any time by written notice served upon the Assured by a representative of the Company or mailed to the Assured at the address of the said premises. In either case the Assured shall be

entitled to receive the unearned premium computed pro rata. The Assured may require the cancellation of the policy at any time and the Company shall retain in such case the earned premium computed at customary short rates. The check of the Company or its Agent for the unearned premium mailed to the address of the Assured herein given shall be a sufficient tender of payment.

Policy conditions and renewals. 10. No Agent has authority to change this policy or waive any of its provisions, nor shall any notice to the agent or knowledge of his or any other person be held to effect a waiver or change in this contract or in any part of it. Whenever the written consent of the Company is required by the terms of this policy, an endorsement expressing same must be added hereto, signed by some Executive Officer of the Company, or Manager of Burglary Insurance Department, and no change whatever in this policy or waiver of any of its provisions shall be valid unless an endorsement is added hereto executed in the same manner. Any attachment (or rider) to this policy, extending or limiting the insurance hereunder, shall be subject to all stipulations and provisions of such attachment (or rider) and to those herein contained, not conflicting with the special terms of such attachment (or rider) and shall be equally as binding upon the Company and the Assured as if incorporated herein.

In Witness Whereof, the.....SURETY COMPANY, has caused this Policy to be duly executed at its Home Office, in the City of New York, by its President and Secretary, but the same shall not be binding upon the Company until countersigned by the duly authorized agent or representative of the Company at.....
Countersigned by

Authorized Agent.

President.

Attest:

Secretary.

Form 18—Automobile Liability Policy

Policy No. A. V.....

THE.....AUTOMOBILE INSURANCE COMPANY

AUTOMOBILE LIABILITY POLICY

Insuring Clause. IN CONSIDERATION of the Premium Herein Provided, the.....Automobile Insurance Company of.....(called the Company), DOES HEREBY AGREE TO INDEMNIFY.....the Assured described in the Warranties hereof, within the amounts as expressed herein, AGAINST LOSS AND/OR EXPENSE ARISING OR RESULTING FROM CLAIMS UPON THE ASSURED FOR DAMAGES on account of bodily injuries and/or death accidentally suffered, or alleged to have been suffered, by any person or persons, by reason of the ownership, maintenance, and/or use of any of the automobiles as enumerated and described in said Warranties (including carrying of goods thereon and the loading and unloading thereof), while within the limits of the United States of America and Canada, save and except claims arising by reason of:

- (1) Injuries and/or death to any person while any of said Automobiles are

being operated by any person in violation of laws as to age, or in any event, under the age of sixteen (16) years.

(2) Injuries and/or death to any person while any of said automobiles are being operated or used in any race or speed contest.

(3) Liability of others assumed by the Assured under any contract or agreement, oral or written.

Subject to all agreements and conditions hereof, claims are covered whenever arising, on account of accidents or alleged accidents occurring within the Policy period stated herein.

THIS INSURANCE IS SUBJECT TO THE FOLLOWING CONDITIONS:

Reporting Accidents and Claims. A. Upon the occurrence of an accident covered by this Policy the Assured shall give immediate written notice thereof, with the fullest information obtainable at the time, to the Company or its duly authorized agent. If a claim is made on account of such accident the Assured shall give like notice thereof with full particulars. The Assured shall at all times render to the Company all co-operation and assistance in his power.

Report and Defense of Suits. B. If suit is brought against the Assured to enforce a claim for damages covered by this Policy he shall immediately forward to the Company every summons or other process as soon as the same shall have been served on him, and the Company will, at its own cost, defend such suit in the name and on behalf of the Assured.

Co-operation of Assured. Expense. C. The Assured, whenever requested by the Company, shall aid in effecting settlements, securing information and evidence, the attendance of witnesses and in prosecuting appeals, but the Assured shall not voluntarily assume any liability or interfere in any negotiation for settlement, or in any legal proceeding, or incur any expense, or settle any claim, except at his own cost, without the written consent of the Company previously given, except that the Assured may provide at the Company's expense such immediate surgical relief as is imperative at the time of the accident.

Assured's Right of Recovery. D. No action shall lie against the Company to recover for any loss and/or expense under this Policy unless it shall be brought by the Assured for loss and/or expense actually sustained and paid in money by him after actual trial of the issue, nor unless such action is brought within two years after payment of such loss and/or expense.

Subrogation of Rights. E. In case of payment of loss and/or expense under this Policy the Company shall be subrogated, to the amount of such payment, to the Assured's rights of recovery against others for such loss and/or expense, and the Assured shall execute all papers required and shall co-operate with the Company to secure such rights.

Concurrent Insurance. F. If the Assured carry a policy of another insurer, against any loss and/or expense covered by this Policy, the Assured shall not recover from the Company a larger proportion of the entire loss and/or expense than the amount hereby insured bears to the total amount of valid and collectible insurance applicable thereto.

Change of Interest. G. No assignment of interest under this Policy shall be valid unless the written consent of the Company is endorsed hereon, signed by its President, a Vice-President, Secretary or Assistant Secretary.

Basis of Premium. H. The premium is based upon the number and character of the automobiles and the uses to which same are to be put as described in the Warranties hereof.

Inspection. I. The Company shall be permitted at all reasonable times to inspect any automobile covered by this Policy.

Cancellation. J. This Policy may be cancelled at any time by either of the parties hereto upon written notice to the other party stating when thereafter cancellation shall be effective; the date of cancellation shall then be the end of the policy period, and if cancelled by the Company the earned premium shall be computed and adjusted upon a pro rata basis. If, however, such cancellation is at the request of the Assured, the earned premium shall be calculated at short rates in

accordance with the table printed hereon. Notice of cancellation mailed to the address of the Assured stated in the Warranties hereof shall be a sufficient notice, and the check of the Company similarly mailed a sufficient tender of any unearned premium.

Alterations in Policy. K. No condition or provision of this Policy shall be waived or altered except by written endorsement attached hereto and signed by the President, a Vice-President, Secretary or Assistant Secretary of the Company; nor shall notice to any agent, nor shall knowledge possessed by any agent or by any other person, be held to effect a waiver or change in any part of this contract. Upon the acceptance of this Policy the Assured agrees that its terms embody all agreements then existing between himself and the Company or any of its agents relating to the insurance described herein. The personal pronoun herein used to refer to the Assured shall apply regardless of number and gender.

Authorized Agents. L. No person shall be deemed an agent of the Company unless such person is authorized in writing as such agent by the President, a Vice-President, Secretary or Assistant Secretary of the Company.

Limits of Indemnity. M. The Company's liability for loss on account of an accident resulting in bodily injuries and/or death to one person is limited to..... Dollars (\$.....); and, subject to the same limit for each person, the Company's total liability for loss on account of any one accident resulting in bodily injuries and/or death to more than one person is limited to..... Dollars (\$.....). The Company will however, as provided in Conditions B and C hereof, pay the expense of litigation in addition to the sum herein limited and will also pay all costs taxed against the Assured in any legal proceeding defended by the Company, and interest accruing after entry of judgment upon such part thereof as shall not be in excess of the limits of the Company's liability herein expressed.

Policy Period. N. The Policy period shall be..... months, beginning on the..... day of..... 191..., at noon, and ending on the..... day of..... 191..., at noon, standard time where the automobiles are usually maintained as stated in the Warranties hereof.

Warranties. O. The following Warranties, numbered 1 to 10 inclusive, are hereby made a part of this contract, and are acknowledged and warranted by the Assured to be true upon the acceptance of this Policy.

WARRANTIES.

1. Name of Assured:.....
2. Address of Assured:.....
Street.....
Town.....
County.....
State.....
3. The Assured is:.....
(State whether individual, estate, co-partnership or corporation, and if a corporation name State in which incorporated; if a co-partnership give the names of each member thereof.)
4. The number of Automobiles owned by the Assured is:.....
5. The number of Chauffeurs employed by the Assured is:.....
6. Ther Automobiles are principally used at:.....
(State location where to be operated.)
7. The Automobiles are principally kept at:.....
(State location where usually maintained.)
8. The following Schedule contains a full description of the Automobiles to be covered by this Policy, and a full statement of the uses to which each is to be put:
Descriptive Trade Name and Type of Body.....
Factory Number.....
Model No. or Letter.....

Year of Model
 Power
 Kind
 H-Power
 Uses to which automobiles are to be put
 Rate

9. The premium for this Policy is Dollars
 (\$.....), due and payable as follows:
 191..., (\$.....); 191..., (\$.....);
 191..., (\$.....); 191..., (\$.....);
 191..., (\$.....); 191..., (\$.....).

10. None of the Automobiles herein described are rented to others or used to carry
 passengers for a consideration, actual or implied, except as follows:
In Witness Whereof, The AUTOMOBILE INSURANCE COMPANY has caused
 these presents to be signed by its President and Secretary, but the same shall not be
 binding unless countersigned by an authorized agent of the Company.

 Secretary.
 President.
 Countersigned at this day of 191...
 General Agent.

Form 19—Automobile Fire Policy

No. A \$
 THE INSURANCE COMPANY
 of
 In Consideration of the Stipulations Herein Named and
 Of Dollars (\$.....) Premium,
 Does Insure
 To the Amount of Dollars (\$.....),
 At and from 19....., at noon, to 19.....,
 at noon, when this Policy shall cease and expire, unless sooner terminated or made
 void by the conditions hereinafter expressed. Upon the Body, Machinery and
 Equipment of Automobile hereinafter described:
 Trade name of Automobile
 Factory Number
 Type
 Motive Power
 Number of Cylinders
 Horse Power
 License Number
 Model (year)
 While within the limits of the United States and Canada, including while in build-
 ing, on road, on railroad car or other conveyance, ferry or inland steamer, or on
 coastwise steamer bound from a United States and/or Canadian port to a United
 States and/or Canadian port.

1. Against actual loss or damage to the body, machinery and equipment of the Automobile hereby insured, caused by fire arising from any cause whatsoever, including explosion, self-ignition and lightning; also while being transported on any conveyance by land or water, against loss or damage caused by stranding, sinking, collision, burning or derailment of such conveyance. Also against general average and salvage charges for which the insured may be legally liable; and also against loss by theft, robbery or pilferage by persons other than those in the employment, service or household of the insured, provided such loss or damage exceeds the sum of Twenty-Five (\$25.00) Dollars on each occasion.

2. The said Automobile hereby insured, with its machinery and equipment, is, by agreement of the insurer and insured, valued at \$.....

3. In the event of claim for loss or injury to machinery, body or equipment, underwriters to be liable only for cost of repairing, or, if necessary, replacing the parts lost or injured, including all charges incidental thereto.

4. In the event of loss hereunder, this Policy shall be reduced by the amount of such loss until repairs have been completed, but shall then attach for the full amount as originally written, without additional premium.

5. It is agreed that the act of the insured or insurers, or their agents, in recovering, saving and preserving the property insured in case of disaster, shall not be considered a waiver or acceptance of abandonment, nor as affirming or denying any liability under this Policy, but such act shall be considered as done for the benefit of all concerned, and without prejudice to the rights of either party, and all reasonable expenses thus incurred shall constitute a claim under this Policy.

6. It is understood and agreed that in the event of any warehousemen, carrier or bailee, assuming any insurance, risk (or procuring insurance to be effected) in respect of the Automobile insured hereunder, for the whole or any portion of the route, such protection shall to its full extent be deemed insurance prior to this insurance, but there shall be no return or rebate of premium on such account.

7. The consideration for this insurance is hereby fixed at the rate of.....

8. It is a condition of this insurance that in the event of loss the insured shall give immediate notice thereof, in writing, to this Company, or the authorized agent who issued this Policy, and protect the property from further damage. The amount of loss or damage shall be ascertained or estimated by the insured and this Company, or, if they disagree, by appraisers; the insured and this Company each selecting and naming one appraiser in writing, and the appraisers so chosen shall first select and appoint in writing a competent and disinterested umpire. The said appraisers shall then together estimate and appraise the loss, stating in the schedule in detail the items of loss, and failing to agree on the amount of loss, shall forthwith and before proceeding further with the appraisal, submit their difference thereon to the umpire, and the award in writing signed and sworn to by any two, either the appraisers or an appraiser and the umpire shall fix and determine the amount of damage on the property.

9. If this Company shall claim that the damage was caused by the act or neglect of any person or corporation, private or municipal, this Company shall, on payment of the loss, be subrogated to the extent of such payment, to all right of recovery by the insured for the loss resulting therefrom, and such right shall be assigned to this Company by the insured on receiving such payment.

10. It is warranted by the insured that no other insurance will be carried on property insured hereunder.

11. The interest of the insured in this Policy, or any part thereof, or in the property insured, or any part thereof, is not assignable, and in case of transfer, or termination of any such interest of the insured, or any change of the nature of the insurable interest of the insured in the property aforesaid, either by sale or otherwise, this Policy shall from thenceforth be void and of no effect.

12. It is warranted by the insured free from claim for loss or damage which may be attributed to or arise from the act of any person acting or claiming to act under authority from any country or people in a state of war, revolution, or internal commotion; and also from all consequences of hostilities, civil commotions, riots, and/or warlike operations, even if by lawless or unauthorized persons, whether before or after declaration of war.

13. In consideration of the rate of premium for which this Policy is issued, it is agreed that no suit or action on this Policy, for the recovery of any claim, shall be sustainable in any court of law or equity until after full compliance by the insured with all the foregoing requirements, nor unless commenced within twelve months next after the loss.

14. Losses shall be payable in thirty days after satisfactory proofs of such loss or damage, and the cause of same, and of the amount thereof, and proof of interest of the insured shall have been made with an affidavit and presented in writing at the home office of this Company (the amount of any indebtedness due this Company from the insured and/or any other party interested in this Policy being first deducted).

15. Either party may cancel this Policy by giving ten days' notice in writing; if at the option of this Company *pro rata* rates, if at the request of the insured, short rates, will be charged. From all return premiums the same percentage of deduction (if any) shall be made as was allowed by this Company on receipt of original premium.

This Policy is made and accepted subject to the foregoing stipulations and conditions, together with such other provisions, agreements, or conditions as may be indorsed hereon or added hereto, and no officer, agent, or other representative of this Company shall have power to waive any provision or condition of this Policy except such as by the terms of this Policy may be the subject of agreement indorsed hereon or added hereto, and as to such provisions and conditions no officer, agent, or representative shall have such power or be deemed or held to have waived such provisions or conditions unless such waiver, if any, shall be written upon or attached hereto, nor shall any privilege or permission affecting the insurance under this Policy exist or be claimed by the insured unless so written or attached.

In Witness Whereof, this Company has executed and attested these presents this.....day of....., 19....

This Policy shall not be valid until countersigned by the duly authorized Manager or Agent of the Company at.....

.....
President.

.....
Secretary.

Countersigned by.....
Agent.

.....

Form 20—Credit Indemnity Bond

.....

No..... Amount of Bond.
\$.....

THE.....CREDIT INSURANCE COMPANY

OF.....

IN CONSIDERATION of the representations and warranties made in the application for this Bond, or any prior Bond of Indemnity issued to the Indemnified by this Company, and upon payment of.....Dollars premium.

HEREBY GUARANTEES, under the conditions and subject to the stipulations set forth on the within pages,.....

of....., engaged in the Business of
....., to an amount not exceeding
.....Dollars, against actual loss,
in excess of the Initial Loss to be borne by the Indemnified as hereinafter provided,

which may be sustained by the Indemnified through the insolvency of debtors, as hereinafter defined, occurring during the term of this Bond, and be covered under and proven in accordance with the provisions hereof, on the Indemnified's sales of merchandise shipped and delivered during the term of this Bond, in the usual course of said business, to individuals, firms, co-partnerships or corporations, in the United States of America and in the Dominion of Canada.

The term of this Bond shall be from the day of 191..., to the day of 191..., both days inclusive.

The said Initial Loss, to be borne by the Indemnified, shall be per cent. of the total amount of the gross sales by the Indemnified of merchandise shipped and delivered, during the term of this Bond, in said United States, and Dominion of Canada, but said percentage shall be calculated on sales of not less than \$....., and said Initial Loss shall be deducted, as hereinafter provided, from the aggregate amount of the net covered, proved losses ascertained in the adjustment.

This Bond does not cover any loss occurring prior to the payment of the premium thereon, although the Bond may have been delivered, nor any loss occurring after its expiration.

In Witness Whereof, THE CREDIT INSURANCE COMPANY, of has caused its Corporate Seal to be hereto affixed and this Bond to be signed by its President and Secretary, in the City of New York, this day of 191....

Secretary.

President.

CONDITIONS AND STIPULATIONS.

1. *Coverage.* No loss is covered by this Bond, unless the debtor to whom the goods were shipped and delivered shall have in the latest published book of the Mercantile Agency at the date of the shipment one of the ratings of the said Agency, both as to capital and credit, as tabulated below.

Bradstreet Mercantile Agency Ratings.			R. G. Dun & Co. Mercantile Agency Ratings.		
Credit ratings in this table are to be read only with respective capital ratings on the same line.			Credit ratings in this table are to be read only with respective capital ratings on the same line.		
Capital Rating	First Credit Rating	Second Credit Rating	Capital Rating	First Credit Rating	Second Credit Rating
G.....	AA.....	A.....	AA.....	A1.....	1.....
H.....	AA.....	A.....	A+.....	A1.....	1.....
J.....	A.....	B.....	A.....	A1.....	1.....
K.....	A.....	B.....	B+.....	1.....	1½.....
L.....	A.....	B.....	B.....	1.....	1½.....
M.....	A.....	B.....	C+.....	1.....	1½.....
N.....	A.....	B.....	C.....	1½.....	2.....
O.....	B.....	C.....	D+.....	1½.....	2.....
P.....	B.....	C.....	D.....	1½.....	2.....
Q.....	B.....	C.....	E.....	2.....	2½.....
R.....	B.....	C.....	F.....	2½.....	3.....
S.....	C.....	D.....	G.....	3.....	3½.....
T.....	C.....	D.....	H.....	3.....	3½.....
U.....	C.....	D.....	J.....	3.....	3½.....
V.....	D.....	E.....	K.....	3.....	
W.....	D.....	E.....			
X.....	D.....				

The gross amount to be covered on any one insolvent debtor shall be limited to per cent. of the lowest amount of his capital rating where the first credit rating follows, but shall also be limited to Dollars gross. The gross amount to be covered on any one insolvent debtor shall be limited to per cent. of the lowest amount of his capital rating where the second credit rating follows, but shall also be limited to Dollars gross.

If the indebtedness of any debtor at the time of insolvency is for shipments made under different governing ratings, the limits applicable to each governing rating shall apply to the shipments made under such rating, but the combined gross amount to be covered on the entire indebtedness shall not exceed the limits applicable to the debtor's most favorable governing rating.

The books of said Mercantile Agency shall respectively govern shipments from the first day of the month named by said book to the first day of the month named by the next subsequent book, except that where said Mercantile Agency increases or reduces a rating, shipments made after the Indemnified has received notice that the rating has been increased or reduced shall be governed by such change.

(NAMES NOT IN BOOK)—A shipment to a debtor, whose name does not appear in the said latest published book at the date of the shipment, shall be governed by the rating in the latest report of said Agency on such debtor compiled within four months prior to the shipment, and if no such report was compiled within four months prior to the shipment, then by the first report of said Agency on such debtor compiled within four months after the shipment. Every such governing rating shall have the same effect as if contained in said latest published book at the time of shipment.

2. *Insolvency Defined.* A debtor shall only be deemed to be insolvent for the purposes of this Bond.

(1) When his assets are held in any judicial proceeding to be insufficient to pay his debts in full.

(2) When a petition in bankruptcy or insolvency is filed by or against him under the laws of the United States, or any State or territory thereof, or of Canada.

(3) When he makes a compromise of his indebtedness with a majority of his creditors in number and in amount.

(4) When he makes an assignment, or a deed of trust or a chattel mortgage conveying his stock in trade, for the benefit of his creditors in general, with or without preferences.

(5) When a writ of attachment or execution against the debtor, whether in favor of the Indemnified or any other creditor, is returned unsatisfied.

(6) When his stock in trade is sold under a writ of attachment or execution.

(7) When a receiver is appointed for the debtor, and his insolvency is alleged in the application therefor.

(8) When such receiver is appointed without that allegation, provided the receiver reports in writing, or any decree or order of court shows, that insolvency exists (such report or a copy of the decree or order shall accompany either the Notification of Insolvency or the Final Statement.)

(9) When the debtor absconds, or sells out or transfers his stock in trade in bulk, provided any Mercantile Agency or any attorney in active practice in the County or City in which the debtor did business, reports in writing that the claim against the debtor is not collectible (such report shall accompany either the Notification of Insolvency or the Final Statement).

(10) The death or insanity of a sole debtor, provided the executor, administrator or guardian reports in writing, or any judgment or decree or order of court shows, that the estate is insufficient to pay the debts in full (such report or a copy of such judgment or decree or order shall accompany either the Notification of Insolvency or the Final Statement).

(11) A debtor who owes the Indemnified not more than \$150, and who has ceased to do business, provided the Notification of Insolvency to this Company is

accompanied by a report in writing from any Mercantile Agency or any attorney in active practice in the County or City in which the debtor did business, stating that the claim is not collectible.

3. *Notification of Insolvency.* Notification of each insolvency under this Bond must be given by the Indemnified to this Company upon blanks supplied by it and must be received by it at its office in during the term of this Bond, and within twenty (20) days after the Indemnified shall have received information of such insolvency; otherwise the loss shall not be included in the adjustment.

But if information of an insolvency shall be received too late to enable the Indemnified to notify the Company during the term of the Bond, then notification of such insolvency received by the Company within twenty (20) days after the expiration of this Bond shall be sufficient.

4. *Attention to Salvage.* The Indemnified shall endeavor to obtain all amounts possible upon claims covered by this Bond, and shall use diligence in procuring their allowance against the estates of the debtors in cases of bankruptcy, assignment, receivership or other administration of insolvent estates.

5. *Final Statement of Claim.* If any claim for excess loss is made under this Bond, based on Notifications of Insolvency which shall have been received by this Company as required by Section 3, a Final Statement of the Claim, duly sworn to, shall be made by the Indemnified upon blank forms which will be furnished by this Company upon application, and such Final Statement must be received by this Company at its office in within thirty (30) days after the expiration of this Bond; otherwise there shall be no liability under this Bond.

The adjustment shall be had within sixty (60) days after the receipt by this Company of such Final Statement, and the amount then ascertained to be due on covered proved losses shall at once become payable.

6. *Adjustment.* In the adjustment there shall be deducted from each gross loss covered and proven under this Bond the amounts collected thereon, the actual value of all securities and guarantees held by the Indemnified or for his benefit, the amount of goods returned or replevined, and the amounts which from any other source have been obtained or shall be thereafter obtainable; provided that, if the indebtedness of the debtor to the Indemnified at the time of the insolvency is not covered in full by this Bond, then said deductions shall be made pro-rata, viz., in the ratio which the amount covered bears to the whole of such indebtedness. If no mutually satisfactory agreement should be reached as to the amounts thereafter obtainable on any loss, this Company shall allow the unpaid part of such loss, so far as covered, and the Indemnified shall then assign to this Company the claim against the debtor, together with all securities and guarantees relating thereto, in such ratio as the amount covered on such claim bears to the whole of such claim. From the aggregate amount of the net covered and proven losses thus ascertained there shall be deducted the agreed Initial Loss to be borne by the Indemnified, and the balance, if any, not exceeding the amount of this Bond, shall be the amount due the Indemnified. If the net amounts realized by this Company on the claims assigned to it, as above provided, shall in the aggregate exceed the sum paid to the Indemnified, this Company shall refund the net excess.

7. *Advantages of Subsequent Bond.* In case this Company issues to the Indemnified a new Bond, and the premium therefor is paid prior to the expiration of this Bond, losses occurring during the term of the new Bond on sales of merchandise shipped and delivered within the twelve months next prior to the expiration of this Bond shall be covered and may be proven under the new Bond, subject to its provisions and limitations, the same as though the goods had been shipped during its term, and the governing rating of the debtor under this Bond at the date of each shipment shall apply. From the net losses so covered and proven, in conjunction with all others covered and proven under the new Bond, there shall be deducted the initial loss provided for by the new Bond before any liability on the part of this Company shall accrue; but the amount of the shipments made during the said prior twelve months shall not be taken into the calculation of sales in computing the amount of the initial loss under the new Bond.

8. *Termination.* If, during the term of this Bond, the Indemnified shall become insolvent, or shall discontinue business, or go into liquidation, or being a partnership shall be dissolved, then this Bond shall immediately terminate, and a Final Statement of Claim shall be filed by, and an adjustment shall be made with, the Indemnified in the same time and manner as if this Bond had originally by its terms been made to expire at the date of such termination. Temporary interruption by fire or by strike, or the death or withdrawal or admission of a member of a partnership composed of more than two members, shall not be considered a discontinuance or dissolution.

9. *General Provisions.* The premium on this Bond shall be paid by check to the order of The Credit Insurance Company.

This Company will acknowledge the receipt of all Notifications of Insolvency and the Final Statement of Claim, but neither the acknowledgment nor the retention thereof by this Company, nor its failure to acknowledge receipt, shall be deemed an admission of liability or a waiver of any of the provisions of this Bond by this Company.

Misrepresentation, concealment or fraud in obtaining this Bond or any Bond heretofore issued by this Company to the Indemnified, or in the proof or adjustment of any claim for loss under this Bond, shall void this Bond from its beginning and the premium paid shall be forfeited. The Indemnified shall permit this Company to examine and take extracts from the books, securities and papers, of the Indemnified bearing upon any matter involved in the adjustment under this Bond, or upon any representation or warranty made in the application for this Bond or any prior Bond of this Company, or upon any claim made either by the Indemnified or by this Company under this Bond.

No Agent is authorized to make any alteration in, or addition to, this Bond; and no addition to, or alteration of, this Bond shall be valid unless signed by the President of this Company.

No suit or action on this Bond shall be brought or be sustainable until after compliance by the Indemnified with the terms of this Bond, nor unless commenced within twelve months after its expiration.

APPLICATION.

We, the undersigned, hereby make application to THE CREDIT INSURANCE COMPANY of for its Bond of Indemnity to the Amount of \$ We herewith tender our check for \$ to the order of said Company in payment of the premium on said Bond.

We select the Mercantile Agency to govern exclusively shipments under said Bond.

Our answers to the following questions are true:

1. What is your present line of business?
How long in it? years.
2. Are you Jobbers or Manufacturers?
3. What territory do you cover?
4. To what territory do you make your principal shipments?
5. What are your usual terms of sale?
What are your longest terms of sale?
6. Do you sell mostly to Manufacturers, Jobbers or Retailers?
7. Have you any information detrimental to the credit or responsibility of any person, corporation or co-partnership, to whom you have made, or contemplate making, any sale to which said Bond, if issued, will apply?
8. Have you within the past twelve months made, or do you contemplate making, any material change in your terms of sale, or in the territory you cover?

As a basis of the Bond hereby applied for, and of any Bond which may hereafter be issued to us, we warrant the following statement of our gross sales, gross losses, and of amounts collected by us on credit insurance, to be correct:

Term During the Year Ending: 191 . . .
Gross Sales \$
Gross Losses \$

GENERAL POLICIES

407

Collections on Credit Insurance \$.
During the Fractional Year to Date. \$.

This application and said Bond, if issued, shall, with the conditions and stipulations within written, constitute the agreement between the undersigned and The Credit Insurance Company of New York, any verbal or written statement, promise or agreement, by any Agent of the said Company to the contrary notwithstanding.

Dated at.....this.....day of.....191..

WITNESS:

Signature of applicant.....

.....Address.....

.....

Form 21—Fly-Wheel Policy

.....

No. F..... \$......

THE.....FLY-WHEEL INSURANCE COMPANY.

OF.....

(Herein Called the Company).

IN CONSIDERATION of.....Dollars, Premium, hereby insures (Herein called the Assured).....and.....legal representatives in the sum of (Principal Sum).....Dollars.

Insurance. AGAINST ALL IMMEDIATE LOSS OR DAMAGE, except by fire, to the property of the assured, and to the property of others for which the assured may be liable, also against loss or damage to the assured resulting from the loss of life or personal injury of any person or persons,

Term Limits. CAUSED DIRECTLY BY THE EXPLOSION, WHILE REVOLVING, of any of the fly wheels, pulleys or other apparatus described in the schedule on this Policy, between 12 o'clock noon of the.....day of....., 19....., and 12 o'clock noon of the.....day of....., 19....., standard time at the respective places named in the schedule, and NOT CONTINGENT upon a judgment of liability against the assured; but the liability of the Company for loss of life or injury of any one person shall not exceed the sum of \$5,000, nor exceed the amount of this Policy if it be for a less sum than \$5,000. It is provided that any loss shall be paid only after notice and proof of loss by the assured, according to the requirements and in conformity to the provisions of this Policy; and that the loss or damage to property shall be the first claim for settlement, and that the portion of the insurance then remaining shall be the only amount applicable to loss of life and injury to persons; but in no event shall the liability of the Company for any one accident exceed.....Dollars nor shall the entire liability under this policy exceed the principal sum.

Fire. Excess Speed. Changes. It is expressly covenanted and agreed, as conditions of this Contract, that the Company is not to be liable for any loss or damage resulting from stoppage of work, or from an explosion caused by the burning of the structure containing any fly wheel, pulley, or other apparatus: nor for loss from an explosion of any fly wheel, pulley or other apparatus while any speed governor or regulator for it is set to allow a speed in excess of that approved for it by the Company as stated in the schedule; nor for any loss or damage due to any change material to the risk, and within the control of the assured, unless such change has previously been approved by the Company in writing.

Transfers. If the title or possession of said property is transferred or changed or if this Policy is assigned without the written consent of the Company endorsed hereon, this policy shall be void.

Definitions. Explosion. Fly-Wheel. It is covenanted that by the term "explosion" as used in this Policy is to be understood a sudden substantial bursting or disruption of the fly wheel, pulley or other apparatus described in the schedule, or any portion thereof; and "fly-wheel" is understood to include any wheel or appliance which revolves around a shaft and which is described in the schedule; it being agreed that the Company is not liable under this Policy for any loss or damage from any other accident, and that the Company assumes no liability from loss or damage by fire resulting from any cause whatever.

Similar Insurance. If there shall be any other similar insurance against property loss, or any other insurance covering loss of life or injury to persons or liability therefor, the assured shall in no event demand or recover of the Company any greater proportion of the loss or damage to property than the insurance applicable under this Policy to such loss or damage bears to the whole amount of insurance thereon; nor any greater proportion of the loss or damage to the assured resulting from loss of life or injury of any one person than the amount of insurance applicable under this Policy to such loss or damage bears to the whole amount of insurance applicable in respect to liability for death or injury of any one person.

Inspections. For the prevention of loss hereunder from explosions, it is hereby agreed that the Inspectors of the Company shall at all reasonable times have access to each fly wheel or pulley and to all apparatus and machinery connected therewith on which its safety depends; and ample facilities shall be afforded to such Inspectors whenever the Company shall desire for a thorough examination of said fly wheel, pulley and other apparatus. Should an Inspector at any time discover any defect affecting the safety of any fly wheel, pulley or other apparatus, or its connections, the assured shall be notified and insurance by this Policy shall thereupon in respect to the defective fly wheel, pulley or other apparatus become void, unless the use of the said fly wheel, pulley or other apparatus shall cease until the defect is thoroughly repaired by the assured; notice of defect and suspension of insurance, also the reinstatement of insurance after repairs are made, to be in writing, delivered or mailed to the assured at the address given in this Policy.

Cancellation. The Company reserves the right to cancel this Policy at any time, in which case the Company will return to the assured the part of the premium received for the unexpired term of this Policy, pro rata. This Policy may also be cancelled at the request of the assured, but only in case of the sale, lease, transfer, or destruction of the fly wheel, pulley or other apparatus insured, or if the assured cease to use same for a period of more than three months; in which case the Company, after deducting the charges for inspection and the customary short rates for the time the Policy has been in force, will return to the assured the remaining portion of the premium.

Notice. In case of explosion, and also in case of claim upon the assured for any damage covered by this Policy, the assured shall give immediate notice to the Company, and as soon as possible thereafter shall render a particular account thereof, with an affidavit stating the value and ownership of the property insured, the amount of the loss or damage resulting from the explosion, other similar insurance and other insurance covering loss of life or injury to persons or liability therefor, with copies of all policies, and shall, whenever and as often as required, be examined under oath by some officer or attorney of the Company concerning all questions relating to the claim, and until such proofs are rendered to the Company the loss shall not become payable. In no case shall the claim be for more than the actual and immediate damage insured against, estimated according to the true cash value of the property at the time of the explosion, and the loss or damage to the assured resulting from loss of life and personal injury as insured against.

Adjustment. In case of explosion the Company shall have reasonable time and opportunity to examine thoroughly said fly wheel, pulley or other property of the assured damaged or destroyed, and the machinery and premises connected therewith, before any repairs are commenced; and the Company may repair, restore or replace the assured's property damaged or destroyed, upon giving notice

of such intention after said examination shall have been made and proofs of loss shall have been rendered as above. In event of disagreement as to the amount of loss, the same shall be ascertained by two competent and disinterested appraisers, one to be chosen by the assured and one by the Company. The two so chosen shall select a third person to act as umpire and decide upon the items upon which the two may disagree, and the award of any two of them shall determine the amount of loss. The assured and the Company shall pay the appraisers respectively chosen by each, and share and pay equally for the umpire and his expenses of appraisal.

Settlement of Injury Claims. Claims for damages for personal injuries covered by this Policy may be settled by the assured for the wages and reasonable medical expenses of the injured person during the time that he has been totally disabled by said injuries, without prejudice to the rights of the assured under this Policy, and the Company will reimburse the assured for such loss in accordance with the terms of this Policy; and in case suit is brought against the assured for loss of life or injury to person, or for other loss or damage insured against by this Policy, the Company will co-operate with the assured and render every practicable assistance in the defense of the same, the cost of such defense to be paid by the Company, irrespective of the limits defined, unless it shall elect to pay to the assured the amount of indemnity as specified and limited in the foregoing provisions of this Policy.

It is expressly covenanted by the parties hereto that no change, modification or waiver of any provision or condition of this contract shall be made except by the President, Vice-President or Secretary of the Company, in writing endorsed hereon.

In Witness Whereof, THE *FLY-WHEEL INSURANCE COMPANY* has caused these presents to be signed by its President, attested by its Secretary, and delivered at its Home Office in the City of Hartford and State of Connecticut, but the same shall not be binding upon the Company until countersigned by

.....
President.

Countersigned at this *day of* *19*

.....
Secretary.

SCHEDULE.

Character of Business
Total Number of Wheels insured
Engines are Operated by (Name, if other than assured)

DESCRIPTION AND LOCATION OF EACH WHEEL, ETC. INSURED.

Number or other Designation
Type (Belt, Balance, Fly, Gear, Rope or Governor Wheel)
Dimensions (in inches)
Diameter
Face
Speed Allowed (No. of Revolutions per minute)
On which Engine, Motor, Machine, or Shaft
In what part of Room
In which Room
Floor
Building
Street and Number or other Location of Building
Town
State

.....

Form 22—Lloyd's Cargo Policy

.....

This Policy is issued in the Form printed and supplied by the Government previous to 1st August, 1887.

[SEAL]

Any person not an Underwriting Member of Lloyd's subscribing this policy, or any person uttering the same if so subscribed, will be liable to be proceeded against under Sec. 31 of Lloyd's Act.
S.G.

BE IT KNOWN THAT.....
as well in.....own Name, as for and in the Name and Names of all and every other Person or Persons to whom the same doth, may, or shall appertain, in part or in all, doth make assurance and cause.....and them and every of them to be insured, lost or not lost, at and from New York to any port or ports in the United Kingdom or on the continent.

£375 upon any kind of Goods and Merchandises, and also upon the Body, Tackle, Apparel, Ordnance, Munition, Artillery, Boat and other Furniture, of and in the good Ship or Vessel called the BAKU STANDARD's whereof is Master, under God, for this present Voyage.....
or whosoever else shall go for Master in the said Ship, or by whatsoever other Name or Names the same Ship, or the Master thereof, is or shall be named or called, beginning the Adventure upon the said Goods and Merchandises from the loading thereof aboard the said Ship as above.....
upon the said Ship, &c.,.....

.....and shall so continue and endure, during her Abode there, upon the said Ship, &c.; and further, until the said Ship, with all her Ordnance, Tackle, Apparel, &c., and Goods and Merchandises whatsoever, shall be arrived at as above.....

upon the said Ship, &c., until she hath moored at Anchor Twenty-four Hours in good Safety, and upon the Goods and Merchandises until the same be there discharged and safely landed; and it shall be lawful for the said Ship, &c., in this Voyage to proceed and sail to and touch and stay at any Ports or Places whatsoever wheresoever and for all purposes without Prejudice to this Insurance. The said Ship, &c., Goods and Merchandises, &c., for so much as concerns the Assured by Agreement between the Assured and Assurers in this Policy, are and shall be valued at £375 on Refined Oil as per original.

Held covered in case of deviation or change of voyage, at a premium to be arranged.

Not liable for leakage unless the vessel be stranded or in collision or there be a forced discharge of cargo at a port of distress, or the same be caused by explosion or by the vessel coming in contact with any floating or stationary object; provided that in all above cases the leakage shall amount to over 1% of the entire cargo on board. A deduction to be made from all settlements of $\frac{1}{4}$ of 1% for ordinary leakage.

With leave to sail at all or any ports or places, in any order, on the voyage for all purposes.

TOUCHING the Adventures and Perils which we the Assurers are contented to bear and do take upon us in this Voyage, they are, of the Seas, Men-of-War, Fire, Enemies, Pirates, Rovers, Thieves, Jettisons, Letters of Mart and Countermart, Surprisals, Takings at Sea, Arrests, Restraints and Detainments of all Kings, Princes, and People, of what Nation, Condition, or Quality soever, Barratry of the Master and Mariners, and of all other Perils, Losses, and Misfortunes that have or shall come to the Hurt, Detriment, or Damage of the said Goods and Merchandises and Ship, &c., or any Part thereof; and in case of any Loss or Misfortune, it shall be lawful to the Assured, their Factors, Servants, and Assigns, to sue, labour, and travel for, in and about the Defence, Safeguard and Recovery of the said Goods and

Merchandise and Ship, &c., or any Part thereof, without Prejudice to this Insurance; to the Charges whereof we, the Assurers, will contribute, each one according to the Rate and Quantity of his sum herein assured. And it is especially declared and agreed that no acts of the Insurer or Insured in recovering, saving, or preserving the property insured, shall be considered as a waiver or acceptance of abandonment. And it is agreed by us, the Insurers, that this Writing or Policy of Assurance shall be of as much Force and Effect as the surest Writing or Policy of Assurance heretofore made in Lombard Street, or in the Royal Exchange, or elsewhere in London. And so we the Assurers are contented, and do hereby promise and bind ourselves, each one for his own Part, our Heirs, Executors, and Goods, to the Assured, their Executors, Administrators, and Assigns, for the true Performance of the Premises, confessing ourselves paid the Consideration due unto us for this Assurance by the Assured.....at and after the Rate of.....

In Witness whereof, we the Assurers have subscribed our Names and Sums assured in.....

N. B.—Corn, Fish, Salt, Fruit, Flour, and Seed are warranted free from Average, unless general, or the Ship be stranded; Sugar, Tobacco, Hemp, Flax, Hides, and Skins are warranted free from Average under Five Pounds per Cent.: and all other Goods, also the Ship and Freight, are warranted free from Average under Three Pounds per Cent., unless general, or the Ship be stranded.

(In the event of accident whereby loss or damage may result in a claim under this Policy the settlement will be much facilitated if immediate notice be given to the nearest Lloyd's Agent.)

£ 100 W. A. Stearns
£ 100 H. G. Sicklemore
£ 100 J. L. Crawford
£ 100 J. W. A. Stearns, Sept. 3, 1897.
£ 75 Donald Mac Gregor
£ 75 J. E. P. Welton, Sept. 3, 1897.

Form 23—Plate Glass Policy

THE.....PLATE GLASS INSURANCE COMPANY

No.....

(Hereinafter called the Company)

IN CONSIDERATION of.....Dollars
DOES HEREBY AGREE TO INDEMNIFY.....
of....., hereinafter called the Assured,

Against loss or damage by breakage, from causes beyond the Assured's control, of the glass described in the schedule set forth hereon, during the term beginning at noon on the.....day of....., 19....., and ending at noon on the.....day of....., 19....., standard time at the location given in the said schedule.

The foregoing agreement is subject to the following conditions:

1. Upon the occurrence of an accident causing loss or damage covered hereunder the Assured shall give immediate written notice thereof, with the fullest information obtainable at the time, to the Company at its home office in New York City or to the agent who has countersigned this policy. At the request of the Company the Assured shall file with the Company affirmative proof of loss together with full particulars of such loss.

2. The liability of the Company under this policy is limited to the value of the glass at the time of the breakage.

3. The Company may replace any broken glass or any lettering or any ornamentation or pay for the same in money. In either case the salvage, if any, shall belong to the Company. If the Company elects to replace any glass the replacement shall be made without unnecessary delay. In case of replacement or payment for loss under this policy, the Company shall be subrogated to all the rights of the Assured against any person or corporation as respects such loss to the extent of its interest and the Assured shall execute all papers required to secure to the Company such rights.

4. The Company shall not be liable for—(1) any loss or damage caused by or resulting in any manner from fire whether in the premises described in the schedule or elsewhere; (2) any loss of or damage to any ornamentation, such as silvering, staining, painting, carving, cutting, lettering, embossing, or other fancy work on any glass unless such ornamentation is specifically described in the schedule, and unless the loss of or damage to such ornamentation is the result of the breakage of the glass on which it appears; (3) any loss or damage caused by or resulting, wholly or partly, from the making of any additions, alterations, or repairs in or to the building containing the glass; (4) any loss or damage caused by the glazing of any light of glass or by the removal of any light of glass from its frame or caused by the repairing of any frame; (5) any loss or damage occurring before the glass is completely glazed in a workmanlike manner; (6) any loss or damage caused by the scratching or defacing of any glass; (7) any loss or damage resulting, directly or indirectly, from an earthquake or any inundation, insurrection, or riot, or any military or usurped power; (8) any loss or damage caused, directly or indirectly, by the blowing up of any building or buildings when authorized by the civil authorities; (9) any loss or damage to frames or sashes.

5. If the Assured carries a policy of another insurer whether valid or not against loss or damage covered by this policy, the Assured shall not be entitled to recover from the Company a larger proportion of the entire loss than the amount hereby insured bears to the total amount of his insurance, whether valid or not.

6. Without prejudice to the rights of the Assured as respects anything that may occur during the period that the policy is in force, the Company may cancel this policy at any time by a written notice served on the Assured, or sent by registered mail to the Assured at any address given in the schedule of this policy, at least five days prior to the date the cancellation takes effect as stated in such notice. The Assured may cancel this policy by like notice to the Company. If canceled by the Company the Company shall be entitled to collect or retain the earned premium pro rata. If canceled by the Assured the Company shall be entitled to collect or retain the earned premium calculated on the basis of the short-rate table set forth hereon. The Company's check served on the Assured, or sent by registered mail to the Assured at any address given in the schedule of this policy, shall be a sufficient tender of any unearned premium.

7. The Assured shall at his own expense, whenever requested by the Company, remove and replace any partitions, frames, woodwork, gas fixtures, or electric light fixtures, or any other obstructions required to be removed in the replacing of any light of glass. In the event of any loss or damage the Assured shall take all reasonable precautions to prevent further loss or damage to the glass.

8. No action shall be brought against the Company under or by reason of this policy unless it shall be brought within twelve months of the occurrence of the loss or damage. If the limitation set forth in this condition is prohibited by the statutes of the state in which this policy is issued, the said limitations shall be considered to be amended to agree with the minimum period of limitation permitted by such statutes.

9. No assignment of interest under this policy shall bind the Company, unless the written consent of the Company is endorsed hereon by one of its officers or by an authorized agent of the Company.

10. In the event of any loss or damage to any lettering described in the schedule of this policy, the Company may pay to the Assured the actual value of such lettering or replace the same as the Company shall elect. In no event shall

the Company be liable for any loss or damage to such lettering in excess of the amount specified as the value thereof in the said schedule.

11. In the event of any loss by breakage of any cathedral glass described in the schedule of this policy, the Company may pay to the Assured an amount not exceeding the estimate of the original manufacturer for making the necessary repairs or replace the same as the Company shall elect. In no event shall the Company be liable for any such loss in excess of the amount specified in the said schedule as the value of such cathedral glass.

12. In the event of a loss by the breakage of a portion of the glass described in the schedule of this policy and the replacement of such glass, or the payment therefor by the Company, the insurance hereunder shall apply to the new light or lights. In the event of a loss by the breakage of all the glass described in the said schedule, this insurance shall not apply to any new light or lights but shall terminate.

13. No erasure or change appearing on this policy as originally printed, nor change or waiver of any of its terms or conditions, whether made before or after the date of this policy, shall be valid unless set forth in an endorsement added hereto and signed by the President, the Vice-President, or one of the Secretaries of the Company. Neither notice given to nor the knowledge of any agent or any other person, whether received or acquired before or after the date of this policy, shall be held to waive any of the terms or conditions of this policy, or to preclude the Company from asserting any defense under said terms and conditions, unless set forth in an endorsement added hereto and signed by one of the said officers.

In Witness Whereof, the Company has caused this policy to be signed by its President and its Assistant Secretary, but the policy shall not be binding upon the Company until countersigned by a duly authorized representative of the Company

..... President.
 Assistant Secretary.
 Countersigned by.....

TABLE OF SHORT RATES, SHOWING WHAT PERCENTAGE OF THE PREMIUM IS EARNED AT ANY GIVEN DATE.

Number of months since issuance of policy.....	1	2	3	4	5	6	7	8	9	10	11	12
Percentage of premium.....	20	30	40	50	60	70	75	80	85	90	95	100

SCHEDULE.

No. of Plates.....
 Height in Inches.....
 Width in Inches.....
 Description of Glass, Including Situation in Building.....
 Location of Building Containing Glass.....

Form 24—Automatic Sprinkler Leakage Policy

.....

THE.....CASUALTY INSURANCE COMPANY

Incorporated under the Laws of the State of.....

IN CONSIDERATION of the premium and of the statements contained in the Schedule hereinafter set forth, which statements the Assured makes and warrants to be true by the acceptance of this Policy, The.....CASUALTY INSURANCE COMPANY, hereinafter called the Company, hereby agrees

TO INDEMNIFY THE ASSURED.
 designated in the said Schedule.
 against direct loss or damage to property described in the said Schedule and owned by the Assured or held in trust or on commission by the Assured or sold by the Assured but not delivered by being removed, situate in that part of the premises occupied by the Assured as described in the said Schedule and caused, while this Policy is in force, by the *Accidental Leakage or Discharge or Precipitation of Water from the Automatic Sprinkler System, including Tanks in Connection Therewith, or by the Collapse or Fall of Said Tanks*, now erected in or upon the premises occupied wholly or partly by the Assured.

SUBJECT TO THE FOLLOWING CONDITIONS:

Condition A. This Policy does not cover loss or damage resulting from the explosion, rupture, collapse or leakage of steam boilers or steam pipes; nor resulting from any interruption of business or stoppage of any work or plant; nor resulting from fire or violation of law; nor resulting from the wilful act of the Assured; nor resulting from the neglect of the Assured to use all reasonable means to save and preserve the property insured hereunder; nor resulting from invasion, insurrection, riot, military or usurped power, or from the order of any civil authority; nor resulting from earthquake, cyclone, tornado, lightning, tide, blasting or explosion. This Policy does not cover loss of or damage to accounts, bills, currency, evidences of debt, money, notes, securities, curiosities, manuscripts, scientific apparatus, scientific cabinets or collections; nor to dies, models, moulds, matrices, patterns, (except such as are in actual use) drawings, designs, plans, jewels, medals, works of art, paintings and sculptures, unless specifically mentioned in said Schedule and then for an amount not exceeding 10% of this Policy. This Policy does not cover loss or damage resulting from the fall or collapse of any building or any part thereof, unless such fall or collapse is caused by the accidental leakage or discharge or precipitation of water from the said Automatic Sprinkler System or the tanks in connection therewith, or by the collapse or fall of said tanks. This Policy does not cover damage to the Sprinkler System itself.

Condition B. When any accident happens the Assured shall give immediate written notice thereof to the Company at its Home Office in New York City or to its duly authorized agent.

Condition C. When any loss happens the Assured shall immediately protect the property from further damage, separate the damaged from the undamaged property and put it in the best possible order; immediately prepare a complete inventory of all the property destroyed or damaged showing the actual value of each item at the time of the accident and the actual amount of loss on each item, immediately prepare a statement showing the interest of the Assured and of all others in the property, immediately prepare a statement showing all other similar insurance covering any of the property, and without delay forward such inventory and such statements to the Company at its Home Office in New York City. The Assured shall exhibit to any representative or representatives of the Company the property covered by this Policy, shall submit to examination under oath by such representative or representatives, shall produce for examination by such representative or representatives all books of account, bills, invoices and other vouchers, or certified copies thereof if the originals are lost, and shall permit such representative or representatives to make copies thereof.

Condition D. The Company shall not be liable for more than the actual cash value of the property at the time of the accident and the loss or damage shall be estimated according to such actual cash value with proper deduction for depreciation however caused and shall in no event be estimated at more than it would cost to repair the property damaged and replace the property destroyed with property of like kind and quality and shall be estimated without compensation for loss resulting from interruption of business or manufacture. Said estimate shall be made by the Assured and the Company, or if they do not agree then by appraisers and an umpire as hereinafter provided, and the amount of loss or damage having been determined, and the conditions of this Policy having been complied with by the

Assured, such loss or damage shall be payable immediately; but it shall be optional with the Company to take for itself all or any part of the property at the estimated or appraised value, or the Company may repair the property damaged or replace the property destroyed with property of like kind and quality, provided the Company gives the Assured reasonable notice of its intention to do so. There shall be no abandonment to the Company of any of the property.

Condition E. If the Assured and the Company disagree as to the value of property destroyed or damaged, the value shall be appraised by two competent and disinterested appraisers, the Assured and Company each selecting one, and a competent and disinterested umpire selected by the said appraisers. The appraisement and award in writing of any two of them shall determine the value. If no umpire is selected within fifteen days after the selection of appraisers, their power and authorisation shall cease and new appraisers shall be selected in the manner herein provided. The expenses of the appraisement shall be borne equally by the Company and the Assured.

Condition F. If the Assured carries other insurance against loss covered by this Policy, the Company shall not be liable for a larger proportion of the entire loss than the amount hereby insured bears to the total amount of the Assured's valid and collectible insurance.

Condition G. If the total value of the property covered by this Policy shall at the time any accident happens exceed the amount stated as the cash value of such property in Statement 15 of the said Schedule, the Company shall not be liable for more than such proportion of the total liability stipulated in Condition R of this Policy than such total liability shall bear to the total value of such property at the time of such accident.

Condition H. The Company shall be permitted, at all reasonable times, to inspect the Automatic Sprinkler System and the premises of the Assured. Upon written notice from the Company the Assured shall make such repairs or alterations or adopt such precautions as are found to be necessary for safety, and the Company shall not be liable for any loss occasioned by the delay or neglect of the Assured after such notification to make such repairs or alterations or to adopt such precautions, nor for any loss resulting from unusual repairs to or alterations in the Automatic Sprinkler System, the building or the premises, unless permission has been granted in writing by the President or the Secretary of the Company to the Assured to make such repairs or alterations. (Ordinary minor repairs and alterations usual and necessary to the care and maintenance of the premises and plant are allowed without such permit).

Condition I. The Assured shall immediately notify the Company in writing of any known defect which renders the Automatic Sprinkler System more than usually hazardous, and he shall cause such defect to be immediately repaired, and shall, in the meantime, use such additional precautions as may be required for safety.

Condition J. This entire Policy shall be void if the Assured has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof.

Condition K. This Policy may be canceled by the Company at any time by giving not less than five days' written notice sent by registered mail to the Assured at his address given in the said Schedule. It may be canceled by the Assured by like notice to the Company. If canceled by the Company, the Company shall be entitled to the earned premium pro rata when determined. If canceled by the Assured, the Company shall be entitled to the earned premium computed by the short rate table printed hereon. The check of the Company, sent by registered mail to the said address of the Assured shall be a sufficient tender of any unearned premium due the Assured.

Condition L. No assignment or change of interest hereunder, whether voluntary or involuntary, shall bind the Company, except by endorsement hereon signed by the President or the Secretary of the Company; but in the event of the death of the Assured, if an individual, this insurance shall continue in force for the benefit of his estate for a period (within the term of the Policy) of sixty days from

twelve o'clock, noon, of the date of such death, and not longer unless consented to by such endorsement.

Condition M. In no event shall any action lie against the Company, unless brought within two years after the right of action accrues. The Company does not prejudice by this Condition any defences to any action to which it may be entitled.

Condition N. No condition or provision of this Policy shall be waived or altered except by endorsement hereon signed by the President or the Secretary of the Company, nor shall notice to any agent, nor shall knowledge possessed by any agent or by any other person, whether acquired before or after the date of this Policy, effect a waiver or change in this Policy or any part of it.

Condition O. In case of payment of loss under this Policy the Company shall be subrogated to all rights that it may claim the Assured has against any person or corporation as respects such loss, to the amount of such payment, and the Assured shall execute all papers required and shall cooperate with the Company to secure to the Company such rights.

Condition P. No person shall be deemed an agent of the Company unless such person is authorized in writing as such agent by the President or the Secretary of the Company.

Condition Q. The premium for this Policy is Dollars (\$).

Condition R. The total liability of the Company is limited to Dollars (\$).

Condition S. The period of time for which this Policy is issued is months, beginning on the day of 191..., noon, and ending on the day of 191..., noon, standard time.

Insurance Begins.....

Insurance Expires.....

Renewal of H. O. No.....

Renewal of Policy No.....

Automatic Sprinkler Leakage Policy. Limit \$.....

H. O. No.....

Policy No.....

Term.....

Rate.....

Premium, \$.....

SCHEDULE:

Statement 1. Name of Assured.....
(Where the word he or his is used in this Policy to refer to the Assured it shall apply regardless of the number or gender of the Assured)

Statement 2. Address of Assured.....
(Name Street and Town and County and State where head office is located).....

Statement 3. The Assured is.....
(State whether individual or copartnership or corporation or receiver or other trustee).....

Statement 4. Kind of Business to be conducted.....

Statement 5. Location of Building in which Automatic Sprinkler System is located.....

Statement 6. Portion of Building occupied by Assured.....

Statement 7. The number of Sprinkler Heads in use is.....

Statement 8. The Sprinkler System is.....
(Give name of system).....

Statement 9. The Automatic Sprinkler System was erected by.....
.....in 19.....

Statement 10. The Automatic Sprinkler System is supplied with an Automatic Alarm.

- Statement 11. The Automatic Alarm is connected with an Outside Central Station, as follows:.....
- Statement 12. There is a Cut-off Valve on each floor, except as follows:.....
- Statement 13. Protection against Freezing is provided as follows:.....
(Be specific).....
- Statement 14. There is a regular Watchman on duty within the premises of the Assured described above, at all times (including Sundays and holidays) when the premises are not open for business, and such a Watchman will be so employed during the term of this Policy.
- Statement 15. The insurance shall apply specifically as follows:.....
- (a) On the following described Merchandise.....
Cash Value \$.....
Amount of Insurance \$.....
- (b) On the following described Furniture and Fixtures.....
Cash Value \$.....
Amount of Insurance.....
- (c) On the following described Machinery.....
Cash Value \$.....
Amount of Insurance \$.....
- (d) On the following described Building or Buildings.....
Cash Value \$.....
Amount of Insurance \$.....
- Total, Cash Value \$.....Amount of Insurance \$.....
- Statement 16. The Automatic Sprinkler System has never caused damage, except as follows:.....

In Witness Whereof, THE.....CASUALTY INSURANCE COMPANY has caused this Policy to be executed at the City of New York by its President and its Secretary, but it shall not be in force until countersigned by one of its other officers, or by a duly authorized representative of the Company.

Examined:.....

Countersigned:.....

.....
President.

.....
Secretary.

Agent..... Address,.....

Broker..... Address,.....

.....

CHAPTER LXXXIX
GENERAL POLICIES—Continued
Form 25—Steam Boiler Policy

No. \$

THE STEAM BOILER INSURANCE COMPANY

of

(Herein Called the Company).

IN CONSIDERATION of Dollars,
Premium, hereby insures (herein called the Assured)
and legal representatives in the sum of (Principal Sum)
..... Dollars.

Insurance. AGAINST ALL IMMEDIATE LOSS OR DAMAGE, except by fire, to the property of the assured, and to the property of others for which the assured may be liable, also against loss or damage to the assured resulting from the loss of life or personal injury of any person or persons.

Term Limits. CAUSED BY THE EXPLOSION, COLLAPSE OR RUPTURE of any of the steam boilers, vessels or other apparatus described in the schedule on this Policy between 12 o'clock noon of the day of, 19...., and 12 o'clock noon of the day of, 19...., standard time at the respective places named in the schedule, and NOT CONTINGENT upon a judgment of liability against the assured; but the liability of the Company for loss of life or injury of any one person shall not exceed the sum of \$5,000, nor exceed the amount of this Policy if it be for a less sum than \$5,000. It is provided that any loss shall be paid only after notice and proof of loss by the assured, according to the requirements and in conformity to the provisions of this Policy; and that the loss or damage to property shall be the first claim for settlement, and that the portion of the insurance then remaining shall be the only amount applicable to loss of life and injury, to persons; but in no event shall the liability of the Company for any one accident exceed Dollars, nor shall the entire liability under this policy exceed the principal sum.

Fire. Excess Pressure. Changes. It is expressly covenanted and agreed, as conditions of this Contract, that the Company is not to be liable for any loss or damage resulting from an explosion caused by the burning of the structure containing any boiler, vessel or other apparatus; nor for loss from an explosion, collapse or rupture of any boiler, vessel or other apparatus while any safety valve for it is set to blow off at a pressure in excess of that approved for it by the Company as stated in the schedule; nor for any loss or damage due to any change material to the risk, and within the control of the assured, unless such change has previously been approved by the Company in writing.

Transfers. If the title or possession of said property is transferred or changed, or if this Policy is assigned without the written consent of the Company endorsed hereon, this policy shall be void.

Definitions. Explosion. Rupture. Collapse. Boiler. It is covenanted that by the term "explosion," or "rupture," as used in this Policy, is to be understood a sudden substantial tearing asunder of the boiler, vessel or other apparatus described in the schedule, or any portion thereof, caused by pressure of steam; and "col-

lapse," to be a sudden crushing or forcing inward of the furnace or the flues or other parts of the boiler or vessel, caused by pressure of steam; and "boiler" or "vessel" is understood to include also its steam pipe, feed pipe and blow-off pipe up to, and including, the nearest stop valve, the pipes of the water column, the steam and water gauges, and the safety-valve; it being agreed that the Company is not liable under this Policy for any loss or damage from any other accident, and that the Company assumes no liability from loss or damage by fire resulting from any cause whatever.

Similar Insurance. If there shall be any other similar insurance against property loss, or any other insurance covering loss of life or injury to persons or liability therefor, the assured shall in no event demand or recover of the Company any greater proportion of the loss or damage to property than the insurance applicable under this Policy to such loss or damage bears to the whole amount of insurance thereon; nor any greater proportion of the loss or damage to the assured resulting from loss of life or injury in respect to any one person than the amount of insurance applicable under this Policy to such loss or damage bears to the whole amount of insurance applicable in respect to liability for death or injury of any one person.

Inspections. For the prevention of loss hereunder from explosions, it is hereby agreed that the Inspectors of the Company shall at all reasonable times have access to each boiler, vessel or other apparatus and the machinery connected therewith on which safety depends; and ample facilities shall be afforded to such Inspectors whenever the Company shall desire for a thorough examination of said boiler, vessel or other apparatus. Should an Inspector at any time discover any defect affecting the safety of any boiler, vessel or other apparatus, or its connections, the assured shall be notified and insurance by this Policy shall thereupon in respect to the defective boiler, vessel or other apparatus become void, unless the use of the said boiler, vessel or other apparatus shall cease until the defect is thoroughly repaired by the assured; notice of defect and suspension of insurance, also the reinstatement of insurance after repairs are made, to be in writing, delivered or mailed to the assured at the address given in this Policy.

Cancellation. The Company reserves the right to cancel this Policy at any time, in which case the Company will return to the assured the part of the premium received for the unexpired term of this Policy, pro rata. This Policy may also be cancelled at the request of the assured, but only in case of the sale, lease, transfer, or destruction of the boiler, vessel or other apparatus insured, or if the assured ceases to use same for a period of more than three months; in which case the Company, after deducting the changes for inspection and the customary short rates for the time the Policy has been in force, will return to the assured the remaining portion of the premium.

Notice. In case of explosion, collapse or rupture and also in case of claim upon the assured for any damage covered by this Policy, the assured shall give immediate notice to the Company, and as soon as possible thereafter shall render a particular account thereof, with an affidavit stating the value and ownership of the property insured, the amount of the loss or damage resulting from the explosion, collapse or rupture, other similar insurance and other insurance covering loss of life or injury to persons or liability therefor, with copies of all policies, and shall, whenever and as often as required, be examined under oath by some officer or attorney of the Company concerning all questions relating to the claim, and until such proofs are rendered to the Company the loss shall not become payable. In no case shall the claim be for more than the actual and immediate damage insured against, estimated according to the true cash value of the property at the time of the explosion, and the loss or damage to the assured resulting from loss of life and personal injury as insured against.

Adjustment. In case of explosion, collapse or rupture the Company shall have reasonable time and opportunity to examine thoroughly said boiler, vessel or other apparatus and the machinery and premises connected therewith, before any repairs are commenced; and the Company may repair, restore or replace the assured's property damaged or destroyed, upon giving notice of such intention after said examination shall have been made and proofs of loss shall have been rendered as above. In event of disagreement as to the amount of loss, the same shall be as

certained by two competent and disinterested appraisers, one to be chosen by the assured and one by the Company. The two so chosen shall select a third person to act as umpire and decide upon the items upon which the two may disagree, and the award of any two of them shall determine the amount of loss. The assured and the Company shall pay the appraisers respectively chosen by each, and share and pay equally for the umpire and his expenses of appraisal.

Settlement of Injury Claims. Claims for damages for personal injuries covered by this Policy may be settled by the assured for the wages and reasonable medical expenses of the injured person during the time that he has been totally disabled by said injuries, without prejudice to the rights of the assured under this Policy, and the Company will reimburse the assured for such loss in accordance with the terms of this Policy; and in case suit is brought against the assured for loss of life or injury to person, or for other loss or damage insured against by this Policy, the Company will co-operate with the assured and render every practicable assistance in the defense of the same, the cost of such defense to be paid by the Company, irrespective of the limits herein defined, unless it shall elect to pay to the assured the amount of indemnity as specified and limited in the foregoing provisions of this Policy.

It is expressly covenanted by the parties hereto that no change, modification or waiver of any provision or condition of this contract shall be made except by the President, Vice-President or Secretary of the Company, in writing endorsed hereon.

In Witness Whereof, THE.....INSURANCE COMPANY has caused these presents to be signed by its President, attested by its Secretary, and delivered at its Home Office in the City of Hartford and State of Connecticut, but the same shall not be binding upon the Company until countersigned by the duly authorized agent of the Company.

.....
Secretary. President.
Countersigned at.....
this.....day of.....19.....

SCHEDULE.

Character of Business.....
Boilers operated by Owner or Tenant.....
Total number of Boilers or Vessels, etc., Insured.....
Location.....
Street and Number.....
Town.....
State.....
Special description of Apparatus or Boiler location.....
Number of Boiler or Vessel.....
Type of Boiler or Vessel.....
Pressure Approved by Company.....
.....

Form 26—Bank Depository Surety Bond

.....
BANK DEPOSITORY BOND.
THE.....SURETY COMPANY.
KNOW ALL MEN BY THESE PRESENTS, That we.....
.....(hereinafter called the Bank), at.....
as Principal, and THE.....SURETY COMPANY (hereinafter called the surety), a

suretyship corporation of the City of New York, and State of New York, and duly licensed to transact business as a corporate surety at the place of residence of the Obligees hereinafter named, as surety hereon, are held and firmly bound unto
 (hereinafter called the Obligees)
 in the full and just sum of Dollars,
 to the payment of which well and truly to be made, we bind ourselves, our successors and assigns, jointly and severally, firmly by these presents.
 Signed, seal and dated this day of A. D.

The Condition of the Foregoing Obligation is to the effect that

WHEREAS the aforesaid bank has been designated as a depository for certain moneys belonging to the Obligees.

Now, THEREFORE, the condition of this obligation is to the effect that if the said Bank shall during the term commencing at 9 o'clock A. M. on the day of, 19 , and ending with the close of banking hours on the day of, 19 , promptly pay over on proper legal order such sums of money as shall have been deposited with it under this bond as the designated depository aforesaid, together with the amount of interest which it has contracted to pay thereon, then this obligation shall be void; otherwise to be and remain in full force and virtue; PROVIDED, HOWEVER, and this bond is issued by the Surety on the following express conditions, to-wit:

1. That if at any time during the currency of this bond the Obligees shall hold any other security on account of its moneys deposited with said Bank, such security shall not be released without notice to, and the consent of the Surety hereon. And if the said Obligees shall, without the knowledge or consent of the said Surety, release any such security, then this bond shall thereupon become absolutely null and void.

2. In case the moneys on deposit with the said bank to the credit of the obligee shall, at the time any loss is sustained on this bond, exceed the penalty of the bond, and the obligee shall not have obtained additional security equal to the amount of such excess, then it is understood and agreed that the liability of the surety hereon shall be limited to such proportion of the penalty of this bond as the said penalty shall bear to the total sum of money on deposit at the time of the loss.

3. That the Surety hereon shall be liable hereunder for only such proportion of the total loss sustained as the penalty of this bond shall bear to the total penalties of all bonds and securities furnished to the Obligees, and in no event shall the Surety hereon be liable hereunder in any sum in excess of the penalty of this bond.

4. In case of default hereunder and the payment of a claim under this bond, the Company shall be immediately subrogated to all the rights of the Obligees against the Bank, or any person or Corporation, to the amount of such payment; and the Obligees covenants to execute all papers deemed necessary to such subrogation, and to co-operate with the Company to secure to the latter all its rights hereunder.

5. In case of default hereunder the Company shall be entitled to receive such proportion of any dividend or dividends that may be declared or paid on the whole amount on deposit in the bank to the credit of the Obligees at the time of such default as the amount of the actual liability of the Company on this bond, not exceeding the penalty thereof, shall bear to the whole amount so on deposit, and such proportion of said dividends shall be an offset against the actual liability of the Company under this bond, and shall if paid to the Obligees, be repaid to the Company immediately upon the payment by the latter of a claim under this bond.

6. That the Surety may cancel its responsibility under this bond at any time prior to default by the Bank on giving ten days' notice in writing to the Obligees or authorized agent of the Obligees to withdraw funds on deposit in said Bank, and if said Obligees fail to make such withdrawal before the expiration of such notice the Surety shall not be liable for any loss sustained. And upon surrender of this bond and the release of said Surety, from all liability hereunder, no loss having been incurred by the Surety, the said Surety hereby agrees, upon request, to refund the unearned premium paid on account of this bond.

7. No suit at law or in equity shall be maintainable under this bond unless commenced within ninety days from the date of expiration, cancellation or default.

By

 President.
 Attest:

 Cashier.
 THE SURETY COMPANY.
 By

 President.
 Attest:

 Secretary.

Form 27—Regular Surety Bond

KNOW ALL MEN BY THESE PRESENTS, That we
 of as principal
 and THE SURETY COMPANY, a corporation under the laws of the State of New
 York (hereinafter called the Company), as surety, are held and firmly bound unto
 of (hereinafter called the obligee)
 in the penal sum of
 Dollars (\$) (which sum is hereby agreed to be the maximum liability
 hereunder, lawful money of the United States of America, well and truly to be paid,
 and for the payment of which we and each of us hereby bind ourselves, our heirs,
 executors, administrators and successors, jointly and severally, firmly by these
 presents.

Dated this day of 191.....
 WHEREAS, said principal has entered into a certain contract in writing, bearing
 date 19..... with the said obligee
 a copy of which is hereto attached, and is hereby referred to and made a part hereof.

NOW THEREFORE, the condition of this instrument is such that if the said
 principal shall well and truly perform the terms and provisions of said contract on
 the part of said principal required to be performed, then this instrument shall be
 null and void, otherwise to be and remain in full force and effect; *Provided, however*
 and this instrument is executed by the Company as surety upon the following ex-
 press conditions, which shall be precedent to the right of recovery hereunder.

1. The Company shall not be liable for the infringement of any patent, or for
 the validity of any letters patent granted by the United States Government concern-
 ing any patented article which is required by said contract to be furnished by
 said principal.

2. The obligee shall, at the times and in the manner specified in said contract,
 perform all the covenants, matters and things required to be by the obligee per-
 formed; and if the obligee default in the performance of any matter or thing in this
 instrument, or in said contract agreed or required to be performed by the obligee,
 the Company shall thereupon be relieved from all liability hereunder.

3. If said principal shall in any manner default in the performance of any
 matter or thing in said contract specified to be by said principal performed, or in

the event of said principal abandoning the work provided by said contract to be done by said principal, the obligee shall immediately so notify the Company and thereafter the Company shall have the right at its option to assume and sublet said contract and to proceed thereunder as if no default or abandonment had occurred; and if the Company elect to assume said contract, all moneys agreed therein to be paid said principal and which at the time of the default be due the principal shall thereupon become payable to the Company, and shall be paid to it, anything to the contrary in said contract notwithstanding.

4. If at any time during the prosecution of the work specified in said contract to be performed there come to the notice or knowledge of the obligee the fact that any claim for labor performed or for materials or supplies furnished the said principal in or upon said work remains unpaid or that any lien or notice of lien for such work, materials or supplies has been filed or served, the obligee shall withhold payment from the principal or any moneys due or to become due to the principal under said contract until the payment of such claim or the cancellation and discharge of such lien or notice of lien, if any, and will so notify the Company, giving a statement of the particular facts and amount of each such claim, lien or notice of lien.

5. If any changes or alterations by the principal and obligee be made in the plans or specifications for the work mentioned in said contract, the obligee shall immediately so notify the Company of such changes or alterations, giving a description thereof and stating the amount of money involved by such changes or alterations. Provided, however, that when the cost of said changes or alterations shall in the aggregate amount to a sum equal to ten per cent. of the penal sum of this bond, no further changes or alterations shall be agreed upon by the principal and obligee, until the consent of the Company shall first be obtained thereto.

6. In the event of the destruction of or injury to the work specified in said contract by fire, riot, mob, the elements, earthquake, cyclone, tornado, lightning, public enemy or any act of God, or through so-called strikes or labor difficulties, neither the principal nor the Company shall be liable for any loss or damages whatsoever resulting therefrom.

7. None of the conditions or provisions contained in this instrument shall be deemed waived by the Company unless the written consent to such waiver be duly executed by its President or Vice-President and its seal be thereto affixed duly attested; nor shall this instrument or any rights thereunder be assignable unless with the like consent duly executed and attested as aforesaid.

8. No action, suit or proceeding shall be had or maintained against the Company on this instrument unless the same be brought or instituted and process served upon the Company therein within six months after the date or time fixed in said contract for the completion of the work mentioned therein.

9. All notices and other evidence required by this instrument to be furnished by the obligee to the Company shall be in writing, and shall be forwarded by registered letter addressed to the Company at its principal offices in the City of New York.

..... [SEAL]

..... [SEAL]

THE.....SURETY COMPANY,

By

.....President.

Attest:

.....Secretary

.....

Form 28—Regular Fidelity Bond

THE.....SURETY COMPANY

of.....

KNOW ALL MEN BY THESE PRESENTS, That we.....
of.....in the State of
as Principal, and THE.....SURETY COMPANY
 a corporation duly organized and existing under and by virtue of the laws of the
 State of....., and authorized to become sole surety on bonds in the
 State of.....as Surety, are held and firmly bound
 unto.....in the State of
in the full and just sum of
(\$.....) Dollars,
 lawful money of the United States, for the payment of which well and truly to be
 made, we bind ourselves, our heirs, executors, administrators, successors and as-
 signs, jointly and severally, firmly by these presents.

SIGNED AND SEALED this.....day of.....A. D. 191....

WHEREAS, the said.....
 has been duly.....to the office of.....
for a term of.....years,
 beginning on the.....day of.....191....
 and ending on the.....day of.....191....
 or until his successor is duly elected or appointed and qualifies.

NOW, THEREFORE, THE CONDITION OF THE ABOVE OBLIGATION IS SUCH, that if
 the above bounden.....shall faithfully and truly
 perform all the duties of his office and shall pay over and account for all funds com-
 ing into his hands by virtue of this said office of.....
 as required by law, then this obligation to be void; otherwise to be and remain in
 full force and virtue.

In Witness Whereof, the said Principal has hereunto set his hand and seal, and
 the said.....SURETY COMPANY has caused these presents to be signed by
 its Resident Vice-President, attested by its Resident Assistant Secretary, and
 its corporate seal to be hereunto affixed, the day and year first above written.
 Signed and sealed in the presence of:

.....(SEAL.)

THE.....SURETY COMPANY.

By

ATTEST:

.....
 Resident Vice-President.

.....
 Resident Asst. Secretary.

STATE OF }
 COUNTY OF } ss.:

Before me, a.....this.....day of.....A. D. 191....,
 personally appeared the said.....to me known
 and known to me to be the individual described in and who executed the foregoing
 bond, and he acknowledged to me that he executed the same.

Form 29—Guarantee Bond

.....

KNOW ALL MEN BY THESE PRESENTS, That we.....
 (hereinafter called the **Employe**) as **Principal**, and the **THE**.....**SURETY**
COMPANY, a New York corporation (hereinafter called the **Company**) as **surety**,
 are held and firmly bound unto
 (hereinafter called the **employer**) in the penal sum of
 Dollars, good and lawful money of the United States, for the payment of which
 amount we do bind ourselves, our heirs, executors, administrators, successors and
 assigns, jointly and severally, firmly by these presents.
 Dated this day of, 191...
WHEREAS the **Employer** has appointed the **Employe** to the office or position of
 in the service of
 and the **Employer** requires security in a stated amount as indemnity against loss
 on account of the personal dishonesty, amounting to larceny or embezzlement, of
 the **Employe** in the performance of his duties in the position to which he has been
 or may be appointed by the **Employer**;
NOW, THEREFORE, for and in consideration of a premium, computed at an agreed
 rate, the **Company** hereby covenants and agrees to and with the **Employer**, that it
 will, subject to the conditions and provisions herein contained, which shall be con-
 ditions precedent to the right of the **Employer** to recover under this **Bond**, at the
 expiration of three months next after due and satisfactory proof of the loss herein
 mentioned shall have been furnished the **Company**, make good and reimburse to
 the **Employer** any and all pecuniary loss of money, securities, or other personal
 property, belonging to the **Employer**, or in its possession and for which it is legally
 liable, sustained by the **Employer**, by or through the personal dishonesty, amount-
 ing to larceny or embezzlement, of the **Employe**, and for which the **Employe** shall
 be legally liable to the **Employer**, occurring at any time during the term beginning
 the day of 191..., at 12 o'clock noon and prior to the
 day of 191..., at 12 o'clock noon, such times to be governed by
 the time of the locality in which the loss occurs, which said loss shall be discovered
 during such term or within six (6) months after the expiration of such term, and
 within six (6) months after the **Employe's** death or his dismissal or his retirement
 from the **Employer's** service happening during the term aforesaid, and within six
 (6) months after the termination of this obligation by the **Company**. **PROVIDED**,
HOWEVER, the **Company's** liability on account of the **Employe** shall in no case
 exceed the amount for which the **Company** shall become surety hereunder.

THIS BOND is executed by the **Company** upon the following express conditions:

First: This bond shall not become effective until after it has been duly exe-
 cuted by the **Employe** named herein, and upon payment of any loss hereunder it
 shall absolutely cease and determine and no further sum shall be collectible here-
 under.

Second: If at any time after the beginning of the term for which this bond is
 written, the **Employer**, or any officer of the **Employer**, suspect, become aware of,
 or if there come to the notice or knowledge of the **Employer** or any officer of the
Employer, any act, fact or information, tending to indicate that the **Employe** is,
 was or may be unreliable, deceitful, dishonest or unworthy of confidence or that he
 is intemperate, gambling or indulging in other vices, the **Employer** shall immediately
 so notify the **Company** in writing at its principal offices in the City of New York,
 and if the **Employer** fail or neglect so to do, the **Company** shall not be liable for any
 act of the **Employe** thereafter committed; and if at any time after the beginning
 of the term for which this **Bond** is written there come to the notice or knowledge of
 the **Employer** or any officer of the **Employer**, or if the **Employer** or any officer of
 the **Employer**, become aware of the fact that the **Employe** is unreliable, deceitful,
 dishonest or unworthy of confidence, or that he is intemperate, gambling or in-

Form 28—Regular Fidelity Bond

THE.....SURETY COMPANY

of.....

KNOW ALL MEN BY THESE PRESENTS, That we.....
of.....in the State of
as Principal, and THE.....SURETY COMPANY
 a corporation duly organized and existing under and by virtue of the laws of the
 State of....., and authorized to become sole surety on bonds in the
 State of.....as Surety, are held and firmly bound
 unto.....in the State of
in the full and just sum of
(\$.....) Dollars,
 lawful money of the United States, for the payment of which well and truly to be
 made, we bind ourselves, our heirs, executors, administrators, successors and as-
 signs, jointly and severally, firmly by these presents.

SIGNED AND SEALED this.....day of.....A. D. 191...

WHEREAS, the said.....
 has been duly.....to the office of.....
for a term of.....years,
 beginning on the.....day of.....191...
 and ending on the.....day of.....191...
 or until his successor is duly elected or appointed and qualifies.

NOW, THEREFORE, THE CONDITION OF THE ABOVE OBLIGATION IS SUCH, that if
 the above bounden.....shall faithfully and truly
 perform all the duties of his office and shall pay over and account for all funds com-
 ing into his hands by virtue of this said office of.....
 as required by law, then this obligation to be void; otherwise to be and remain in
 full force and virtue.

In Witness Whereof, the said Principal has hereunto set his hand and seal, and
 the said.....SURETY COMPANY has caused these presents to be signed by
 its Resident Vice-President, attested by its Resident Assistant Secretary, and
 its corporate seal to be hereunto affixed, the day and year first above written.
 Signed and sealed in the presence of:

.....(SEAL.)

THE.....SURETY COMPANY.

By

ATTEST:

Resident Vice-President.

Resident Asst. Secretary.

STATE OF }
 COUNTY OF } ss.:

Before me, a.....this.....day of.....A. D. 191...
 personally appeared the said.....to me known
 and known to me to be the individual described in and who executed the foregoing
 bond, and he acknowledged to me that he executed the same.

Form 29—Guarantee Bond

.....

KNOW ALL MEN BY THESE PRESENTS, That we.....
 (hereinafter called the **Employe**) as **Principal**, and the **THE**.....**SURETY**
COMPANY, a New York corporation (hereinafter called the **Company**) as **surety**,
 are held and firmly bound unto
 (hereinafter called the **employer**) in the penal sum of
 Dollars, good and lawful money of the United States, for the payment of which
 amount we do bind ourselves, our heirs, executors, administrators, successors and
 assigns, jointly and severally, firmly by these presents.

Dated this day of, 191.....

WHEREAS the Employer has appointed the **Employe** to the office or position of

..... in the service of

and the Employer requires security in a stated amount as indemnity against loss
 on account of the personal dishonesty, amounting to larceny or embezzlement, of
 the **Employe** in the performance of his duties in the position to which he has been
 or may be appointed by the Employer;

Now, **THEREFORE**, for and in consideration of a premium, computed at an agreed
 rate, the **Company** hereby covenants and agrees to and with the Employer, that it
 will, subject to the conditions and provisions herein contained, which shall be con-
 ditions precedent to the right of the Employer to recover under this Bond, at the
 expiration of three months next after due and satisfactory proof of the loss herein
 mentioned shall have been furnished the **Company**, make good and reimburse to
 the Employer any and all pecuniary loss of money, securities, or other personal
 property, belonging to the Employer, or in its possession and for which it is legally
 liable, sustained by the Employer, by or through the personal dishonesty, amount-
 ing to larceny or embezzlement, of the **Employe**, and for which the **Employe** shall
 be legally liable to the Employer, occurring at any time during the term beginning
 the day of 191..., at 12 o'clock noon and prior to the
 day of 191..., at 12 o'clock noon, such times to be governed by
 the time of the locality in which the loss occurs, which said loss shall be discovered
 during such term or within six (6) months after the expiration of such term, and
 within six (6) months after the **Employe's** death or his dismissal or his retirement
 from the Employer's service happening during the term aforesaid, and within six
 (6) months after the termination of this obligation by the **Company**. **PROVIDED**,
HOWEVER, the **Company's** liability on account of the **Employe** shall in no case
 exceed the amount for which the **Company** shall become surety hereunder.

THIS BOND is executed by the **Company** upon the following express conditions:

First: This bond shall not become effective until after it has been duly exe-
 cuted by the **Employe** named herein, and upon payment of any loss hereunder it
 shall absolutely cease and determine and no further sum shall be collectible here-
 under.

Second: If at any time after the beginning of the term for which this bond is
 written, the Employer, or any officer of the Employer, suspect, become aware of,
 or if there come to the notice or knowledge of the Employer or any officer of the
 Employer, any act, fact or information, tending to indicate that the **Employe** is,
 was or may be unreliable, deceitful, dishonest or unworthy of confidence or that he
 is intemperate, gambling or indulging in other vices, the Employer shall immediately
 so notify the **Company** in writing at its principal offices in the City of New York,
 and if the Employer fail or neglect so to do, the **Company** shall not be liable for any
 act of the **Employe** thereafter committed; and if at any time after the beginning
 of the term for which this Bond is written there come to the notice or knowledge of
 the Employer or any officer of the Employer, or if the Employer or any officer of
 the Employer, become aware of the fact that the **Employe** is unreliable, deceitful,
 dishonest or unworthy of confidence, or that he is intemperate, gambling or in-

dulging in other vices, the Company shall not be liable for any act of the Employee thereafter committed.

Third: The Company shall not hereafter be responsible to the Employer under any previous guarantee in behalf of such Employee, it being mutually understood that it is the intention of this provision that but one (the current) guarantee in behalf of the Employee shall be in force at one time: PROVIDED, HOWEVER, That the Employer shall have the right within six (6) months after the termination of any previous guarantee in behalf of the Employee to make claim for, and proof of, any loss occurring thereunder. But it is expressly understood and agreed that if any claim be so made under any previous guarantee in behalf of the Employee during the said period of six (6) months, and if loss also occur under the current risk or guarantee in behalf of such Employee, the aggregate liability of the Company for all losses under all guarantees, under all Bonds in behalf of such Employee, shall not exceed a sum equal to the amount of the largest of the respective guarantees under which such losses occurred, nor shall the Company be liable under any specific guarantee for any loss occurring under any other guarantee.

Fourth: If the Employee has at any former period been a defaulter, and if such fact be known to the Employer, at the time of the execution of this Bond, or at the time of the appointment of such employee by the Employer, this Bond shall be void, and the Employer shall not be entitled to recover hereunder for any loss sustained by or through any act of such employee.

Fifth: If the Employee resign or be discharged from, or cease to act in the office or position to which he has been appointed in the service of the Employer, the Company shall not be liable to the Employer for any loss sustained by or through any act of such Employee thereafter committed.

Sixth: The Company shall not be liable under this Bond for any sum or amount whatever which the Employee may, at the commencement of the term hereinbefore provided for, owe the Employer, or for funds or property thereafter used or applied, directly or indirectly, by the Employee, towards or on account of any such sum, amount, or shortage, known or unknown, it being the intention of this Bond that the Company shall be responsible to the Employer only for loss sustained by or through the personal dishonesty, amounting to larceny or embezzlement, of the Employee, within the said specified term.

Seventh: Upon the discovery by the Employer within the term of this bond, or within the times limited in lines 24 to 30 inclusive of this bond, that a loss has been sustained, or of facts indicating that a loss has probably been sustained, the Employer shall immediately so notify the Company in writing at its principal offices in the City of New York, and shall within ninety (90) days from the day upon which such loss shall have been discovered or upon which facts shall have been ascertained by the Employer indicating that a loss has probably been sustained by the Employer, make and furnish to the Company in writing, at its principal offices, in the City of New York, claim for and proof of loss, if any sustained, and failure to give such immediate notice or to make such claim and such proof within said ninety (90) days shall relieve the Company from all liability hereunder on account of the Employee causing such loss.

Eighth: All written statements and declarations concerning the Employee, or his duties or accounts, made to the Company by the Employer, or any Officer of the Employer, at any time, are hereby made the basis of this Bond, or any renewal or continuation hereof as to the Employee and are each, every and all warranted by the Employer to be true; and if any of such statements or declarations be false or untrue in any particular, or if any wilful suppression or misstatement be made in any claim for, or proof of, any loss under this Bond, or of any fact affecting the risk of the Company at any time, then this obligation shall be void, and the Company shall in no case be liable hereunder.

This bond is entered into on the condition that the business of the Employer shall be continued to be conducted, and the duties of the Employee shall remain, in accordance with the written statements made by the Employer to the Company relative thereto; and if, during the continuance of this bond, or any continuation or renewal hereof, any circumstance occur or change be made which shall have the effect of making the actual facts differ from such statements, or any of them, with-

out immediate written notice thereof being given to the Company at its principal offices in the City of New York, and the written consent and approval of the Company being obtained, then the Company shall not be liable hereunder for any act of the Employee thereafter committed.

Nine: The Employer shall, whenever requested by the Company, give all information within its knowledge or which can be obtained from its books or records, and render all assistance (not pecuniary) which will in any way aid in the apprehension, arrest or prosecution and conviction of the Employee for any criminal offence committed by the Employee involving liability of the Company, and shall aid in such arrest, prosecution and conviction, and in like manner aid and assist the Company in suing for and obtaining reimbursement from the Employee, or from the Employee's estate, for any moneys which the Company may have paid or become liable to pay under this Bond on account of such Employee.

Tenth: The Employee agrees to immediately pay to the Company the amount of all loss which it may have been required to pay or may be liable hereunder and all damage and expense, direct or incidental, incurred by the Company by reason of any claim hereunder, agreeing that evidence of payment by the Company of any such loss, damage or expense shall be conclusive evidence (except in the event of a fraud having been committed by the Employer against the Company) against him and his estate of the fact and amount of his liability to the Company under this agreement.

Eleventh: The Company shall not be liable for any loss occasioned by accident, mistake, negligence, robbery, error of judgment on the part of, or breach of contract by, the Employee, nor the failure of any Bank or institution where funds may have been deposited, nor from any other cause save the personal dishonesty amounting to larceny or embezzlement on the part of the Employee.

Twelfth: If the Employer at the time of sustaining a loss hold any other security from or in behalf of or credit to the account of the Employee and the amount of such loss be less than the aggregate amount of such other security or credit and the penalty hereof, the Company shall be liable for only such proportion of the loss as the penalty hereof bears to the total security and credits held by the Employer, whether the same be available or not, and if the Employer make any recovery of any loss, in whole or in part, from any other source than in this section specified, the Company shall be entitled to share with the Employer pro rata on the basis which the Company's loss bears to the Employer's total loss.

Thirteenth: The Company may at any time terminate the obligation which it has assumed in behalf of the employee under this Bond, by giving the Employer written notice of its election so to do, and the Company shall not be liable for any act of the Employee thereafter committed. If the Company subsequently pay any loss hereunder, on account of such Employee, the whole premium paid shall be held to have been fully earned and to belong to the Company; otherwise the Company shall, upon demand and the execution and delivery to the Company by the Employer of a full release of the Company from all liability here under, refund the premium paid, less a pro rata part thereof for the time this obligation shall have been in force.

Fourteenth: No action, suit or proceeding at law or in equity shall be had or maintained upon this Bond unless the same be commenced within one year from the time of making claim for the loss upon which such action, suit or proceeding is based.

Fifteenth: The receipt and retention hereof, or the making claim for any loss under this Bond by the Employer shall be taken and held as a covenant upon the part of the Employer consenting and agreeing to all the terms, provisions and conditions herein contained, and that it will make frequent audits and examinations and at all times during the term hereof, take and use all reasonable steps and precautions to detect and prevent the commission of any act, upon the part of the Employee which would tend to render the Company liable for any loss.

Sixteenth: The premium due the Company for becoming surety hereunder must be paid at the Home Office or to a regularly authorized and licensed Agent of the Company, within thirty days after the delivery hereof, and if not so paid this Bond shall be void from the beginning, and the Company shall not be liable for any loss hereunder.

Seventeenth: The term "Employer," as used in this Bond, shall be taken and held to mean and include any officer, manager, superintendent, auditor, or other representative of the Employer, having authority, or whose duty it may be to direct or supervise the work, or to examine the books or audit the accounts of others in the Employer's service, or to count or examine the cash or securities for which such others are, or may be, respectively responsible.

Eighteenth: If the Employee for whom the Company is surety hereunder in any position, is acting jointly for the Employer and any other person, company or corporation, joint audits of his books and accounts shall be made by the Employer and such other person, company or corporation.

Nineteenth: None of the conditions or provisions contained in this Bond shall be deemed to have been waived by or on behalf of the Company unless the waiver be clearly expressed in writing over the signature of its President or Vice-President, attested by its Secretary or Assistant Secretary.

In Witness Whereof, the Employee has hereunto set his hand and seal and the Company has caused this Bond to be signed by its officers proper for the purpose, and its seal to be hereunto affixed on the date above written, but the same shall not be binding upon the Company until countersigned by a duly authorized representative of the Company.

.....
(Employee).

Signed, sealed and delivered by the Employee in the presence of:

.....
THE.....SURETY COMPANY,
By

ATTEST:

.....
President.

.....
Secretary.

Countersigned at.....this.....day of.....191...

By.....

Authorized Representative.

Form 30—Schedule Bond

.....
THE.....SURETY COMPANY.

THIS BOND, Made this.....day of.....
in the year of our Lord, One Thousand nine hundred and.....; WITNESSETH:

WHEREAS,.....
(hereinafter called the Employer) has appointed sundry and various Employés to positions in the service of the Employer, a list of whom has been furnished by the Employer to the THE.....SURETY COMPANY, a corporation under the laws of the State of New York, (hereinafter called the Company) and whose names, positions, location and acceptance numbers appear in the Schedule hereto attached, which is hereby referred to and made a part of this Bond; and,

WHEREAS, The Employer may hereafter appoint other Employés to positions in the Employer's service; and

WHEREAS, The Employer requires and may require security in stated amounts as indemnity against loss on account of the personal dishonesty or culpable negligence of said Employés respectively in the performance of their duties in their respective positions to which they have been or may be appointed by the Employer;

NOW THEREFORE, For and in consideration of a premium computed at an agreed rate, the Company hereby covenants and agrees to and with the Employer, that it will, subject to the conditions and provisions herein contained, which shall be conditions precedent to the right of the Employer to recover under this Bond at the expiration of three months next after due and satisfactory proof of the loss herein mentioned shall have been furnished the Company, make good and reimburse to the Employer any and all pecuniary loss of money, securities or other personal property belonging to the Employer or in its possession as a common carrier, bailee or warehouseman, sustained by the Employer by or through the personal dishonesty, amounting to larceny, embezzlement, or culpable negligence of any Employé, for whom the Company is or shall have become surety hereunder, in connection with the duties pertaining to the position to which he has been or may be appointed by the Employer, and for which the Employé shall be legally liable to the Employer, occurring at any time after the day of A. D., as to the Employés named in the Schedule, and as to any new Employé at any time after his appointment, provided notice be given the Company, as hereinafter stipulated, and prior to the day of A. D., as to all Employés

which said loss shall be discovered during such term, or within six months thereafter and within six months after such Employé's death, or his dismissal or retirement from the Employer's service, and within six months after the termination of this obligation or the specific guarantee hereunder in behalf of the Employé causing such loss: *Provided, however,* the Company's liability on account of any Employé shall in no case exceed the amount for which the Company shall have become surety hereunder for such Employé, which amount is set opposite his name in the Schedule or shall be specifically stated in the Acceptance hereinafter provided for.

This Bond is executed by the Company upon the following express conditions: **FIRST:** IF THE EMPLOYER appoint any new Employé to a position in the service of the Employer, and give the Company immediate written notice, upon a blank furnished by the Company for such purpose, of the name, position, location and date of appointment of such Employé, and the amount for which the Employer may desire the Company to become surety for such Employé, the Company shall execute and deliver to the Employer its written Acceptance, specifying the amount of such security, and the Company shall, subject to the conditions and provisions herein contained, be liable as surety for such Employé in said amount from the date of his appointment: *Provided,* That the Employer promptly and within a reasonable time after the appointment of such new Employé, furnish to the Company an Application by said Employé upon the usual blank prepared by the Company, with the Employer's declaration thereon regarding said Employé, which shall in no case nor under any circumstances be delayed for a period of more than thirty days.

SECOND: IF at any time the Employer desire to increase or decrease the amount of indemnity for which the Company shall have become surety for any Employé, or to transfer any Employé from one position to another, the Employer shall immediately so notify the Company in writing, and the Company shall execute and deliver to the Employer its written Acceptance specifying the desired change, giving date when effective, and such Acceptance shall and is to be subject to all the conditions and provisions herein contained.

THIRD: "CULPABLE NEGLIGENCE" as used in this bond shall be held to mean only gross carelessness or aggravating and inexcusable negligence in the performance or omission of duties. The term "negligence" as limited by the word "culpable" being intended to mean wilful negligence of the Employé, resulting in pecuniary loss, from his deliberate assumption of risk, in violation of instructions, and with foreknowledge that his so doing might cause pecuniary loss to the Employer. Mere oversight, forgetfulness, temporary loss of memory, error of judgment or failure to recognise the necessity or wisdom of any course of action shall not be so construed, and it shall be the burden of the Employer to reasonably prove that the Employé was not mentally or physically incapable, or of insufficient education to efficiently perform the duties assigned to such Employé; and the Company

shall not be responsible for any loss due to the failure of any Employé to properly compute or collect freight or other charges, unless such failure be caused by culpable negligence on part of said Employé as herein defined, and the Company shall not be responsible for proper accounting for missing tickets, unless such tickets are actually used for passage; the Company shall not be liable for any loss or damage occasioned by the insolvency of any bank, depository or other institution where moneys, securities or other property may have been or are deposited, or loss or damage occasioned by failure, neglect or omission, to withdraw said moneys, securities or property from such bank, depository or institution, prior to such insolvency; nor for any other cause or causes save those specifically set forth herein.

FOURTH: IF ANY EMPLOYE has at any former period been a defaulter, and if such fact be known to the Employer, at the time of the execution of this Bond, or at the time of the appointment of such Employé, this Bond shall be void as to such Employé, and the Employer shall not be entitled to recover hereunder for any loss sustained by or through any act or omission of such Employé.

FIFTH: IF ANY EMPLOYE resign or be discharged from the service of the Employer, the Company shall not be liable to the Employer for any loss sustained by or through any act or omission of such Employé occurring thereafter.

SIXTH: IF at any time after the beginning of the term for which this Bond is written, the Employer suspect, or if there come to the notice or knowledge of the Employer, any act, fact or information, tending to indicate that any Employé is or may be negligent, unreliable, deceitful, dishonest or unworthy of confidence, the Employer shall immediately so notify the Company in writing at its principal offices in the City of New York, and if the Employer fail or neglect so to do, the Company shall not be liable for any act or omission of such Employé occurring thereafter; and if at any time after the beginning of the term for which this Bond is written there comes to the notice or knowledge of the Employer, the fact that any Employé is negligent, unreliable, deceitful, dishonest or unworthy of confidence, the Company shall not be liable for any act or omission of such Employé occurring thereafter; and the Employer shall immediately notify the Company in writing of such fact, at its principal offices in the City of New York, and failure to give such immediate notice, shall relieve the Company from all liability on account of such Employé.

Upon the discovery by the Employer that a loss has been sustained, or of facts indicating that a loss has probably been sustained, the Employer shall immediately so notify the Company in writing, at its principal offices in the City of New York, and shall, within the time limited in lines 29 to 32 inclusive of this Bond, make and furnish to the Company in writing, at its principal offices in the City of New York, claim for, and proof of, loss, if any, sustained, and failure to give such immediate notice, or to make such claim or such proof within such time, shall relieve the Company from all liability hereunder on account of the Employé causing such loss.

SEVENTH: THE EMPLOYER shall, whenever requested by the Company, give all information within its knowledge, or which can be obtained from its books or records, and render all assistance (not pecuniary) which will in any way aid in the apprehension, arrest or prosecution of any Employé for any criminal offense committed by such Employé involving liability of the Company, and in like manner aid and assist the Company in suing for and obtaining reimbursement by such Employé, or by the Employé's estate, for any moneys which the Company may have paid or become liable to pay under this Bond on account of such Employé.

EIGHTH: THE COMPANY, upon becoming surety in a stipulated amount under the terms of this Bond in behalf of any Employé, shall not thereafter be responsible to the Employer under any previous guarantee in behalf of such Employé, whether under this or any prior Bond, it being mutually understood that it is the intention of this provision that but one (the current) guarantee in behalf of any Employé shall be in force at one time: *Provided, however,* That the Employer shall have the right within six months after the termination of any previous guarantee in behalf of any Employé (whether such guarantee be under a prior Bond, the original execution of this Bond, or by subsequent Notice and Acceptance as herein provided), to

make claim for, and proof of, any loss occurring thereunder. But it is expressly understood and agreed that if any claim be so made under any previous guarantee in behalf of any Employé during the said period of six months, and if loss also occur under the current risk or guarantee in behalf of such Employé, the aggregate liability of the Company for all losses under all guarantees under all Bonds in behalf of such Employé shall not exceed a sum equal to the amount of the largest of the respective guarantees under which such losses occurred, nor shall the Company be liable under any specific guarantee for any loss under any other guarantee.

NINTH: THE COMPANY may at any time terminate the obligation which it shall have assumed in behalf of any and every Employé under this Bond, by giving the Employer written notice of its election so to do, and such termination shall take effect at the expiration of thirty days from the receipt of such notice by the Employer; and the Company shall not be liable for any act of any such Employé thereafter committed.

TENTH: IF THE EMPLOYER, at the time of sustaining any loss, hold any other security from or in behalf of the Employé causing such loss, and the amount of such loss be less than the aggregate amount of such other security and the amount for which the Company shall have become surety hereunder for such Employé, the Company shall be liable for only such proportion of the loss as the amount for which the Company shall have become surety hereunder, bears to the total security held by the Employer, whether such other security be available or not.

ELEVENTH: No action, suit or proceeding at law or in equity shall be had or maintained upon this Bond unless the same be commenced within one year from the time of making claim for the loss upon which such action, suit or proceeding is based.

TWELFTH: IF THE EMPLOYER, at the time of making claim for, or proof of, any loss under this Bond, wilfully mistake, omit or suppress any fact concerning the acts or transactions of the Employé upon which the claim is based, then this Bond shall be void and the Company shall not be liable to the Employer for any loss sustained.

THIRTEENTH: So long as the Company and the Employer agree so to do, this Bond may be renewed and continued in force from year to year, and in case of any such renewal, the Company's liability on behalf of the Employés then in the Employer's service, and for whom the Company may then be surety hereunder (a list of whom, showing their respective locations and positions, and the amounts, for which the Company may, at the time of such renewal, be surety for such Employés respectively, shall, on or before the expiration of the term for which this Bond is written, or for which it may have been renewed, be furnished the Company at its principal offices in the City of New York, upon a form prepared by the Company for such purpose), shall be as continuous as if this Bond had been originally written for a term including the period of such renewal.

FOURTEENTH: THE PREMIUM due the Company for becoming surety for the Employés named in the Schedule must be paid within thirty days after the delivery hereof, and if not so paid this Bond shall be void from the beginning, and the Company shall not be liable for any loss hereunder.

FIFTEENTH: THE RECEIPT AND RETENTION hereof or the making claim for any loss under this Bond by the Employer shall be taken and held as a covenant upon the part of the Employer consenting and agreeing to all the terms, provisions and conditions herein contained, and that it will at all times during the term hereof take and use all reasonable steps and precautions to detect and prevent any act or omission upon the part of any Employé which would tend to render the Company liable for any loss; and when any Employé for whom the Company is surety hereunder is acting in the position of joint agent for the Employer and any other person, company or corporation, joint audits of his books and accounts shall be made by the Employer and such other person, company or corporation.

SIXTEENTH: NONE of the conditions or provisions contained in this Bond shall be deemed to have been waived by or on behalf of the Company unless the waiver be clearly expressed in writing over the signature of its President or Vice-President, and its seal be thereto affixed, duly attested.

In Witness Whereof, The Company has caused this Bond to be signed by its officers proper for the purpose, and its seal to be hereunto affixed on the date above written, but the same shall not be binding upon the Company until countersigned by a duly authorised representative of the Company.

THE.....SURETY COMPANY,

By

ATTEST:

President.

Secretary.

Countersigned at.....
this.....day of.....190...
by.....
Authorised Representative.

Form 31—Real Estate Title Policy

THE.....TITLE INSURANCE COMPANY.

of.....New York.

No.....

POLICY OF TITLE INSURANCE.

THE.....TITLE INSURANCE COMPANY, in consideration of the payment of its charges for the examination of title, insures.....
successors, against all loss or damage not exceeding.....
dollars which the insured shall sustain by reason of any defect or defects of title affecting the premises described in Schedule A, hereto annexed, or affecting the interest of the insured therein, as described in said schedule, or by reason of unmarketability of the title of the insured to or in said premises, or by reason of liens or incumbrances charging the same at the date of this policy; saving all loss and damage by reason of the estates, interests, defects, objections, liens and incumbrances excepted in Schedule B, or by the conditions of this policy, hereto annexed and hereby incorporated into this contract, the loss and the amount to be ascertained in the manner provided in said conditions and to be payable upon compliance by the insured with the stipulations of said conditions, and not otherwise. It is expressly understood and agreed that any loss under this policy may be applied by this Company to the payment of any mortgage mentioned in Schedule B, the title under which is insured by this Company, or which may be held by this Company, and the amount so paid shall also be deemed a payment to the insured under this policy. The aggregate liability of this Company under this policy and any policy issued to the holder of any such mortgage, shall not exceed the amount of this policy.

In Witness Whereof, THE.....TITLE INSURANCE COMPANY has caused its corporate seal to be hereunto affixed and these presents to be signed by two of its officers this

President.

Secretary.

SCHEDULE A.

1. The estate or interest of the insured in the premises described below, covered by this policy.....
2. The deed or other means by which the estate or interest covered by this policy is vested in the insured.....
3. The premises in which the insured has the estate or interest covered by this policy.....

SCHEDULE B.

This policy does not insure against such estates, interests, defects, objections to title, liens, charges and incumbrances affecting said premises, or the estate or interest insured, as are set forth below in this Schedule.

CONDITIONS OF THIS POLICY.

1. THE.....TITLE INSURANCE COMPANY will, at its own cost, defend the insured in all actions or proceedings founded on a claim of title or incumbrance prior in date to this policy and thereby insured against. This Company shall have the right, at its own cost, to maintain or defend any action relating to the title hereby insured, or upon or under any covenant relating to such title.

2. No claim for damages shall arise under this policy except under section 1 of these conditions, and except also in the following cases: (I) Where there has been a final determination in a court of competent jurisdiction, under which the insured may be dispossessed or evicted from the premises covered by this policy or from some part or undivided share or interest therein. (II) Where there has been a final determination adverse to the title, as insured, in such a court, upon a lien or incumbrance not excepted in this policy. (III) Where the insured shall have contracted in good faith in writing to sell the insured estate or interest, and the title has been rejected because of some defect or incumbrance not excepted in this policy, and notice in writing of such rejection shall have been given to this company within ten days thereafter. For thirty days after receiving such notice this company shall have the option of paying the loss, of which the insured must present proper proof, or of maintaining or defending either in its own name or at its option in the name of the insured some proper action or proceeding, begun or to be begun in a court of competent jurisdiction, for the purpose of determining the validity of the objection alleged by the vendee to the title, and only in case a final determination is made in such action or proceeding, sustaining the objection to the title, shall this company be liable on this policy. (IV) Where the insurance is upon the interest of a mortgagee, and the mortgage has been adjudged, by a final determination in a court of competent jurisdiction, to be invalid, or ineffectual to charge the premises described in this policy, or subject to a prior lien or incumbrance not excepted in this policy. (V) Where a purchaser at a sale under the judgment or order of a court of competent jurisdiction has been relieved by the court from a purchase of the insured estate or interest by reason of the existence of some lien, incumbrance or defect of title not excepted in this policy. (VI) Where the insured shall have negotiated a loan on the security of a mortgage on an estate or interest in land insured by this policy, and the title shall have been rejected by the proposed lender, this company, if there is no dispute as to the facts, will consent to the submission of the question of the validity of the title, as insured, to the Appellate Division of the Supreme Court in the Judicial District in which is situated the property affected by this policy, if said property be in the State of New York, and, if said property be elsewhere, then to some court of competent jurisdiction, and upon the judgment of such court shall then depend the liability of this company. (VII) Where the insured shall have transferred the title insured by an instrument containing covenants in regard to title or warranty thereof, and there has been a final judgment rendered in a court of competent jurisdiction against the insured, or the heirs, executors, administrators or successors of the insured on any of such covenants or warranty, and because of some defect of title or incumbrance not excepted in this policy.

3. Whenever the holder of a policy of this company, provided the estate or

interest insured thereby is a fee or leasehold, shall within seven years from the date of that policy, sell or mortgage any or all of the real estate therein described, and shall within thirty days thereafter apply for a new policy on the same title, to be issued to the grantee or mortgagee, then if the risk be again accepted by this company, the former policy shall be surrendered and cancelled and one-half of the regular fee charged by this company for a policy of the same amount as the one cancelled, but in no case more than one-half of the regular fee for the new policy will be allowed as a deduction from the fee on the new policy.

4. No transfer of this policy shall be made, except that a policy held by the owner of a mortgage or other incumbrance may be transferred to an assignee of the interest insured, or to the purchaser at a foreclosure sale where the property sold is bought in by or for the insured, and except also in such other cases as this company may, by special written agreement, permit; but no transfer of this policy shall be valid unless the approval of this company is indorsed hereon by its proper officer. Such approval may in any case be refused at the option of this company, and all interest in this policy (saving for damages accrued) shall cease by its transfer without such approval, so indorsed. The liability of this company to any collateral holder of a policy shall in no case exceed the amount of the pecuniary interest of such collateral holder in the premises described in the policy.

5. Any untrue statement made by the insured, or the agent of the insured, with respect to any material fact; any suppression of or failure to disclose any material fact; any untrue answer, by the insured, or the agent of the insured, to material inquiries before the issuing of this policy, shall avoid this policy. But an assignee for value of this policy with the consent of this company indorsed on this policy shall not be affected by such untrue statements or answers, or by such suppressions of breach of warranty in the application of which the assignee was ignorant at the time the assent to the transfer to that assignee was indorsed by this company.

6. In case any action or proceeding described in section 1 of these conditions, is begun, or in case of the service of any paper or pleading, the object or effect of which shall or may be to impugn, attack or call in question the validity of the title hereby insured, as insured, or to raise any material question relating to a claim of incumbrance hereby insured against, or to cause any loss or damage for which this company shall or may be liable under or by virtue of any of the terms or conditions of this policy, or in case any action or proceeding is begun that may have such object or effect, it shall be the duty of the insured at once to notify this company in writing. In such cases and in all cases where this policy requires or permits this company to prosecute or defend, it shall be the duty of the insured to secure to it the right and opportunity to maintain or defend the action or proceeding, and all appeals from any determination therein, and to give it all reasonable aid therein, and to permit it to use at its option the name of the insured. If such notice shall not be given to this company within ten days after the service of the first summons or other process in such action or proceeding, or after the service of such paper or pleading, then this policy shall be void. Provided, however, that an assignee for value of this policy, with the consent of this company, thereon indorsed, shall not be affected by any such failure to notify, if such assignee, through ignorance of the fact of such service having been made, shall have been unable to give or cause to be given the notice required by these conditions; and provided, also, that no failure to give such notice shall affect this company's liability, if such failure has not prejudiced and cannot in the future prejudice this company. This company will pay, in addition to the loss, all costs imposed on the insured in litigation carried on by it for the insured under the requirements of this policy; but it will in no case be liable for the fees of any counsel or attorney employed by the insured; and the costs and loss paid shall not together exceed the amount of this policy.

7. In every case where the liability of this company has been definitely fixed in accordance with these conditions, the loss or damage shall be payable within thirty days thereafter. Provided, however, that in every case this company may demand a valuation of the insured estate or interest, to be made by three arbitrators or any two of them, one to be chosen by the insured and one by this company, and the two thus chosen selecting an umpire; and then no right of action shall accrue until thirty days after such valuation shall have been served upon this company,

and the insured shall have tendered a conveyance or transfer of the insured estate or interest to a purchaser to be named by this company, at such valuation, less the amount of any incumbrance on said insured estate or interest not hereby insured against, and this company shall have failed within that time, said tender being during that time kept good to find a purchaser for the estate or interest upon such terms. And provided, also, that this company shall always have the right to appeal from any adverse determination; but no appeal shall operate to delay the payment of the loss, if the insured shall give to this company satisfactory security for the repayment to this company of the amount of such loss in case there shall be, ultimately, a determination in favor of this company. And provided, further, that in every case, this company shall have the option of settling the claim or paying this policy in full; and the payment or tender of payment to the full amount of this policy shall determine all liability of this company under it. All payments under this policy shall reduce the amount of the insurance *pro tanto*. No payment or settlement can be demanded without producing this policy for indorsement of the fact of such payment or settlement. If this policy be lost, indemnity must be furnished to the satisfaction of this company.

8. Whenever this company shall have settled a claim under this policy, it shall be entitled to all the rights and remedies which the insured would have had against any other person or property in respect to such claim had this policy not been made, and the insured will transfer or cause to be transferred to this company such rights, and permit it to use the name of the insured for the recovery or defense thereof. If the payment does not cover the loss of the insured, this company shall be subrogated to such rights, in the proportion which said payment bears to the amount of said loss not covered by said payment. And the insured warrant that such right of subrogation shall vest in this company unaffected by any act of the insured.

9. Defects and incumbrances arising after the date of this policy or created or suffered by the insured, and assessments which have not become a lien at the date of this policy, are not to be deemed covered by it; and no approval of any transfer of this policy shall be deemed to make it cover any such defect, incumbrance, or assessment. The term "the insured" wherever it is used in this policy includes all described on its first page as those whom it insures; and the term "this company" wherever it is used in this policy, means THE.....TITLE INSURANCE COMPANY.

Form 32—Tornado Policy

STANDARD TORNADO POLICY

No.....

THE.....INSURANCE COMPANY

Amount, \$..... Rate..... Premium, \$.....

IN CONSIDERATION of the Stipulations herein named and of..... Dollars Premium

Does Insure..... for the term of.....

from the..... day of..... 19..... at noon (Standard Time)

to the..... day of..... 19..... at noon (Standard Time)

against all direct loss or damage by TORNADO, WIND STORM OR CYCLONE.....

except as hereinafter provided, To an amount not exceeding..... Dollars,

to the following described property while located and contained as described herein

and not elsewhere, to wit:.....

This Policy is made and accepted subject to the stipulations and conditions printed on back hereof, which are hereby specially referred to and made a part of this Policy.

"Provisions required by law to be stated in this policy."—This policy is in a stock corporation, and is issued under and in pursuance of Sections 130, 131 and 132 of the Insurance Law of the State of New York.¹

CONDITIONS REFERRED TO IN BODY OF CONTRACT.

In the event of loss this Company shall not be liable under this policy beyond the sum or sums hereby insured, nor the cash value of the property at the time of the loss, nor (except as otherwise provided herein) the ownership interest of the assured therein. Said loss to be ascertained as hereinafter provided, and in no case to exceed what it would then cost to repair or replace the property damaged or destroyed with material of like kind and quality, with proper deduction for depreciation however caused. Any loss for which this Company shall be liable hereunder, shall be payable only after a full compliance with the terms, stipulations and requirements printed herein (or on the back hereof) which are made a part of this policy contract. This Company reserves the right, if it so elect, to take all or any part of the articles damaged at their ascertained or appraised value; also, to repair, rebuild or replace any property damaged or destroyed; but there can be no abandonment to this Company of the property herein described or any part thereof.

In case of any fraud, false swearing, misrepresentation or concealment by the insured touching any matter relating to this insurance or the subject thereof; or if any change, other than by the death of an insured, take place in the interest or title of the subject of this insurance; or if this policy be assigned without written consent of this Company indorsed hereon, then, in each and every one of the above cases this entire policy shall be void.

This Company shall not be liable for any loss or damage caused by hail, whether driven by wind or not, snow-storms, frost or cold weather, nor for the blowing down of metal smoke stacks (unless specifically insured), awnings, signs, temporary or board roof additions, nor for loss or damage to buildings (or their contents) in process of construction or reconstruction, unless same are entirely enclosed and under roof, with all outside doors and windows permanently in place; nor for loss or damage occasioned directly or indirectly by or through any fire, explosion, tidal wave, lightning, high water, overflow, cloud burst; nor by theft, nor by reason of any ordinance or law regulating the construction or repair of buildings, nor for consequential loss of any kind.

This Company shall not be liable for any loss or damage caused by water or rain, whether driven by wind or not, unless the building insured or containing the property insured shall first sustain an actual damage to the roof or walls of same by the direct force of the wind, and shall then be liable only for such damage to the interior of the building or the insured property therein as may be caused by water or rain entering the building through openings in the roof or walls made by the direct action of the wind.

This Company shall not be liable for loss or damage to accounts, bills, money, deeds, evidences of debt, securities, bullion, manuscripts, nor, unless expressly assumed by agreement indorsed hereon, for casts, curiosities, drawings, medals, models, jewelry, patterns, pictures, scientific apparatus, sculpture, store or office fixtures.

If there shall be any other Tornado insurance or contract of Tornado insurance, whether valid or not, on the property described herein, claim upon this company shall be only for such proportion of the loss as the amount of this policy shall bear to the whole insurance.

It is expressly stipulated that only such proportion of the insurance under this policy on any building covers on plate, stained, leaded or cathedral glass therein, as the value of such glass shall bear to the value of said building; and to such extent only shall this Company contribute with other insurance in payment of any loss thereon; and plate glass, accident or casualty insurance shall be deemed other insurance and treated as contributing.

In case of fire occurring subsequent to any loss or damage by tornado, windstorm or cyclone, this Company shall be liable under this policy only for such loss or damage as occurred previous to said loss or damage by fire and for no loss by fire whatever.

This Company reserves the right to cancel this policy or any part thereof at any time by giving notice to the insured (or any one of them), and if the premium has been fully paid, refunding the pro rata unearned portion thereof. Protection however, under this policy, if in full force and effect, and the premium has been paid, shall continue five days from the receipt of such notice. This policy may also be cancelled on request of the insured, in which event the Company shall be entitled to the customary short rate premium for the time expired.

In the event of loss the insured shall forthwith protect the property from further damage, separate the damaged and the undamaged personal property and make a complete inventory of same, stating the quantity and cost of each article and the amount claimed thereon and shall within fifteen days give notice of such loss in writing to this Company, and within sixty days after the date of the tornado, windstorm or cyclone, render a statement to this Company, signed and sworn to by the insured, stating the interest of the insured and all others in the property; the cash value of each item thereof and the amount of loss thereon; all other insurance whether valid or not covering any part of said property; and shall furnish an itemized statement of loss on and damage to (and if required plans and specifications of) any building, fixtures or machinery herein described.

The insured, as often as required, shall exhibit to any person designated by this Company all that remains of any property herein described, and submit to examinations under oath by any person named by this Company and subscribe the same; and, as often as required, shall produce for examination all documents, books of account, bills, invoices, and other vouchers, or certified copies thereof, if originals be lost, at such reasonable place as may be designated by this Company or its representative, and shall permit extracts and copies thereof to be made.

In the event of disagreement as to the amount of any loss or damage, the same shall, at the written request of either party, be ascertained by two competent and disinterested appraisers, whose appointment shall, if requested, be agreed to in writing, the insured and this Company each selecting one, and the two so chosen shall first select a competent and disinterested umpire; the appraisers together shall then estimate and appraise the loss, stating separately sound value and damage, and failing to agree, shall submit each subject of difference to the umpire; and the award in writing, under oath, of any two of them shall determine the amount of such loss, but such appraisal shall affect no other question under this policy; and until such appraisal, if requested, shall be had, the loss shall not be payable. The parties thereto shall pay the appraisers respectively selected by them, and shall bear equally the expenses of the appraisal and umpire. All claim for any loss or damage shall be forfeited by failure to furnish proofs of such loss or damage within the time and in the manner above provided, including examinations under oath and the award of appraisers, if the same or either of them have been requested. No suit or action on this policy, for the recovery of any claim, shall be sustainable in any court of law or equity until after full compliance by the insured with all the foregoing requirements, nor unless commenced within twelve months after the date of the tornado, windstorm or cyclone.

No officer, agent or other representative of this Company shall have power to waive any provision or condition of this policy except such as by the terms of this policy may be the subject of agreement indorsed hereon or added hereto, and as to such provisions and conditions no officer, agent or representative shall have such power or be deemed or held to have waived such provisions or conditions unless such waiver, if any, shall be written upon or attached hereto.

.....
 Secretary.
 President.
 Countersigned at.....this.....day of.....19....

CHAPTER XC

STATE LICENSES FOR FIRE INSURANCE

Form 33—Certificate of Authority for Company

STATE OF NEW YORK

INSURANCE DEPARTMENT.

ALBANY, April 30, 1912

I,, Superintendent of Insurance, *Do Hereby Certify*,
that the, Insurance
Company, of has complied with all
the requirements of law to be observed by such corporation, and that it is author-
ized to transact within this State the business of Fire Insurance only as provided
by Article III of the Insurance Law
until April 30, 1913.

In Witness Whereof, I have hereunto subscribed my name, and caused my
Official Seal to be affixed in duplicate, at the City of Albany, on the day and year
first above written.

Form 34—Certificate of Authority for Broker

No. A.

GOOD FOR ONE YEAR ONLY.

THE COMMONWEALTH OF MASSACHUSETTS.

INSURANCE DEPARTMENT.

These Presents Witness that
of
is hereby authorized to act as an INSURANCE BROKER for ONE YEAR from
..... 19 , to negotiate contracts of insurance or reinsurance or
to place risks or effect insurance or reinsurance with any Massachusetts insurance
company or its agents, and with the authorized agents in this Commonwealth of
any foreign insurance company duly admitted to do business herein: subject, how-
ever, to all provisions of law which now are or may hereafter be in force relating to
insurance brokers.

STATE LICENSES FOR FIRE INSURANCE 439

Given under my hand and the seal of this Department this.....
day of..... in the year 191—.

Insurance Commissioner.

THIS LICENSE protects only the person or firm named herein. A clerk or employee must have a separate license, if he acts for his employer in soliciting business outside the office.

Form 35—License for Agent

No.....

THE COMMONWEALTH OF MASSACHUSETTS.
INSURANCE DEPARTMENT.

Boston, July 1, 1911.

This Certifies, That, in consideration of a fee of \$2.00, License to.....
..... of..... as Agent
for the..... Insurance Company, of.....,
is hereby renewed and continued in force for the period of one year from date hereof,
unless sooner revoked in accordance with law.

THIS LICENSE protects only the person or firm named therein. A clerk or employee must have a separate license if he acts for his employer in soliciting or negotiating business outside the office.

Insurance Commissioner.

Per.....

CHAPTER XCI
STATE LICENSES FOR LIFE INSURANCE
Form 36—License for Company

STATE OF CONNECTICUT.

INSURANCE DEPARTMENT.

This is to certify, that the
Life Insurance Company, located at in the State
of having complied with the laws of this
State, relative to life insurance companies organized out of this State, is licensed to
transact the business of life insurance in this State until the first of April, 19.....,
unless this license be sooner revoked:

Witness my hand and official seal, at Hartford, this
day of A. D. 19

.....
Insurance Commissioner.

Form 37—License for Agent

STATE OF OHIO.

INSURANCE DEPARTMENT.

The
of in the State of having
complied with the law relative to the admission of such Corporations organized
outside of this State, is authorized through its resident agents to transact the busi-
ness of Insurance in this State as specified in its certificate of compliance on file
with the Recorder of County, Ohio, and
of in said County is hereby authorized to act as agent
thereof.

THIS LICENSE is issued by request of the aforesaid Corporation and unless
sooner revoked by it or by authority of law shall continue in force until the first
day of next.

In Testimony Whereof witness my hand and official seal at the City of Colum-
bus, Ohio, this day of in the year.....
[SEAL]

.....
Superintendent of Insurance,
Of the State of Ohio.

CHAPTER XCII
STATE LICENSES FOR ACCIDENT INSURANCE
Form 38—License for Company

.....

STATE OF ILLINOIS
INSURANCE DEPARTMENT
SPRINGFIELD,.....

WHEREAS, the.....
of the City of.....in the State of
.....has complied with all the
requirements of the laws of this State governing Insurance Companies, which are
applicable to said Company;

Now, THEREFORE I,....., Insurance Superintendent
of the State of Illinois, by virtue of authority vested in me by law, do hereby author-
ize, empower and license the said
to transact, through duly appointed agents, the business of
Accident Insurance in the State of Illinois, in accordance with the laws thereof.

In Testimony Whereof, I hereto subscribe my name, and affix the Seal of my
office, at Springfield, the day and year first above written.

[SEAL]
Insurance Superintendent.

.....

Form 39—Certificate of Authority for Agent

.....

CERTIFICATE OF REGISTRATION
COMMONWEALTH OF VIRGINIA
Bureau of Insurance
Richmond
Not Transferable

This is to Certify, That.....
of.....is a duly registered agent of the
.....

This Certificate expires July 15, 1912.

JOSEPH BUTTON,
Commissioner of Insurance.

.....

CHAPTER XCIII
STATE LICENSES FOR LIABILITY INSURANCE
Form 40—License for Agent

STATE OF KANSAS.

INSURANCE DEPARTMENT

AGENT'S LICENSE.

No.

Under authority vested by the laws of Kansas, the (Name of Company) . . .
has designated, by proper requisition filed in this
department. . . . of . . . Kan., as Agent.

I, . . . , Superintendent of Insurance for the State of Kansas, do here-
by license the said Agent to act *until the last day of February, 19* . . . unless this
License or the Certificate of Authority to said Company be sooner suspended or
revoked for cause by the Superintendent of Insurance.

In Witness Whereof, I have hereunto affixed my signature and the seal of the
Superintendent of Insurance, in the City of Topeka, Kansas, this . . .
day of . . . 19 . . .

[SEAL]

Specimen

.
Superintendent of Insurance.

By
Assistant Superintendent.

Form 41—Certificate of Authority for Company

COMMONWEALTH OF PENNSYLVANIA.

INSURANCE DEPARTMENT.

HARRISBURG, PA., 1911.

WHEREAS, The Insurance
Company located at in the State of
has appointed the Insurance Commissioner of the
Commonwealth of Pennsylvania, as its Agent and Attorney in this Commonwealth
on whom process of law can be served, and filed in this Department a certified
copy of its charter and a detailed statement of its Assets and Liabilities, and other-
wise complied with the requirements of an Act of Assembly of the Commonwealth
of Pennsylvania, entitled "An Act to establish an Insurance Department, &c.,
approved the 1st day of June A. D. 1911.

LICENSES FOR LIABILITY INSURANCE 443

NOW THEREFORE, I,, Insurance Commissioner of the Commonwealth of Pennsylvania, in accordance with authority conferred upon me by the Act aforesaid, do hereby authorize and empower the Insurance Company, by its said Agent or Attorney and by the several Agents appointed and duly commissioned in accordance with the fourteenth section of said Act of Assembly, to transact the business of Casualty Insurance, in the Commonwealth of Pennsylvania, for the year ending March 31, 1912, in conformity to the laws of said Commonwealth.

In Witness Whereof, I have hereunto set my hand and affixed my official seal, the day and year first above written.

.....
Insurance Commissioner.

.....

CHAPTER XCIV
SUNDRY FORMS

Form 42—Assignment of Interest in Fire Policy

.....

The interest of.....as owner of
property covered by this policy is hereby assigned to.....
of....., subject to the
consent of The.....Insurance Company.
Dated at.....this.....day of.....19....
.....
(Signature of Insured.)

NOTE.—To secure Mortgagees, if desired, this policy should be made payable
on its face to such mortgagee, as follows: Loss, if any, payable to.....
of....., Mortgagee, as his interest shall appear.

CONSENT OF COMPANY TO ASSIGNMENT OF INTEREST.

The.....Insurance Company hereby consents that the interest
of.....as owner of the property covered by this
policy be assigned to.....
Dated at.....this.....day of.....19....
.....
(Signature for the Company.)

.....

Form 43—Proof of Loss Under Fire Policy

.....

TO THE.....INSURANCE COMPANY,
of.....

1. The above named Insurance Company, by its Policy of Insurance No.
....., issued at its.....Agency,
for the term of.....from the.....day
of.....19...., to the.....day of.....19....,
insured.....against loss or damage by
fire, as therein expressed, to the amount of.....Dollars.
(Said Policy was by renewal No.....
continued in force until the.....day
of.....19....) The written portion of said Policy, and all
provisions, agreements, conditions and transfers endorsed thereon or added thereto,
are as follows:.....
2. A fire occurred on the.....day of.....19....,
at or about the hour of.....M., causing loss and damage to the
property described in said policy to the amount of.....Dollars
The origin of said fire was as follows:.....

[N. B.—If the origin of the fire is unknown, the best information obtainable, and the belief of the insured regarding it, must be stated.]

3. The sole owner in fee simple of the building covered by the said policy, and of the ground on which said building stood
The sole owner of the personal property covered by the said policy
The members of said firm were

4. The cash value of each item of property covered by the said policy, and described and located as therein specified at the time of the fire, and the amount of direct loss and damage thereon caused by said fire, and for which claim is hereby made, were as follows:.....

Cash Value
Whole Insurance.....
Whole Loss.....
Insurance byCo.
Claim Upon.....Co.

1st Item.....

2d Item.....

3d Item.....

4th Item.....

5th Item.....

6th Item.....

Totals.....

[N. B.—If the amount of loss be ascertained by appraisal, the award of the appraisers or a certified copy thereof must be attached hereto. In case of loss on personal property, a statement must be appended showing how the amount of loss is arrived at, and referring to the full inventory filed with one of the Companies named in Schedule A.]

5. No incumbrance existed on any portion of the premises or property, except as follows, in favor of the persons and in the amounts following.....

6. All other insurance and agreements for insurance, verbal or written, whether valid or not, covering any part of said property at the time of the fire, amounting to.....Dollars, and the apportionment of the claim upon each Company, are shown in Schedule "A," annexed hereto, which contains true copies of all the descriptions and schedules in all the policies covering on the said property, together with the dates of expiration of the several policies.

7. There have been no changes in the title, use, occupation, location, possession or exposures of said property since the issuing of said policy, except as follows:.....

8. The building or buildings described in the policy, and the several parts thereof, were occupied at the time of fire only by the persons hereinafter named and for the following purposes:.....
and for no other purpose whatever.

9. The said fire did not originate by any act, design or procurement, on the part of the insured, or prohibited by said policy; and nothing has been done before or since the fire by said insured, or by the party making this statement and proof, to violate any of the conditions of said policy.

10. This statement and claim are subscribed and sworn to by the undersigned pursuant to the provisions of said policy, and the sum claimed from the
Insurance Company as its share of said loss as above specified is.....Dollars.

It is hereby covenanted that the furnishing of this blank, or the making up of proofs by an adjuster or other representative of the Company, shall not be construed as a waiver of any of the rights of the Company.

Dated at.....this.....day of.....19....

Subscribed and sworn to by.....
before me, at.....in and for the County
of.....State of.....
this.....day of.....19....

SCHEDULE A.

Apportionment of Claim.

No. of Policy
 Name of Company
 Expiration of Policy
 Amount Insured
 Whole Amount Claimed under Policy
 1st Item
 Amount Insured
 Amount Claimed
 2d Item
 Amount Insured
 Amount Claimed
 3d Item
 Amount Insured
 Amount Claimed
 4th Item
 Amount Insured
 Amount Claimed
 5th Item
 Amount Insured
 Amount Claimed
 6th Item
 Amount Insured
 Amount Claimed
 Copies of all the descriptions and schedules of all the above named Policies
 must be attached hereto. See Section 6.

CERTIFICATE OF MAGISTRATE OR NOTARY PUBLIC.

STATE OF }
 COUNTY OF } ss.

I, of
 the living nearest the place of fire damaging
 property described in policy herein referred to, hereby certify that I am not in-
 terested in the claim herein made, either as a creditor or otherwise, nor related to
 the insured or sufferers; that I have examined the circumstances attending the fire
 or damage as alleged, and believe that the insured has honestly sustained loss and
 damage on the property described in and covered by said policy, to the amount of
 Dollars.

In Testimony Whereof, I have hereunto set my hand and official seal, this
 day of , A. D. 19

Form 44—Proof of Loss Under One Hundred Dollars

FOR CLAIMS LESS THAN \$100

TO THE.....INSURANCE COMPANY

The property described in your Policy No.....
of.....Agency, insuring.....
issued for the term of.....from.....19.....
to.....19..... was damaged by a fire which occurred
on the.....day of.....19.....
caused by.....

The ownership and location of said property are as stated in said Policy; and
the cash value thereof, the whole insurance and loss thereon, together with the
insurance by and the claim upon you, are as follows:

Description of Property.....
Cash Value.....
Whole Insurance.....
Whole Loss.....
Insurance by above Company.....
Claim upon above Company.....

There was.....incumbrance upon said property; and
besides your Policy there was only.....Dollars
other insurance, all of which covered in like manner.

The buildings referred to in said Policy were occupied only as permitted there-
in; and the said fire did not originate by any act, design or procurement, on the part
of the insured, or prohibited by said Policy; and nothing has been done before or
since the fire by said insured, or by the party making this statement and proof, to
violate any of the conditions of said policy.

In accordance with the foregoing.....claim.....
Dollars, as your share of the loss.

.....Claimant.
Subscribed and sworn to before me, this.....day of.....19.....

I hereby certify that the foregoing claim is just and true.

.....Agent.

\$.....
RECEIVED at.....on the.....day of.....19.....of the
.....INSURANCE COMPANY of.....
.....Dollars,
in full satisfaction of all claims for loss and damage by fire as stated above, under
Policy No.....of.....Agency,
and in consideration thereof.....hereby release
and discharge the said Company from all claims whatsoever growing out of said fire loss
or damage, directly or indirectly, and the amount of said Policy is hereby reduced
in the above-mentioned sum, leaving the sum of.....Dollars
only in force on said Policy. Witness my hand and seal,

.....[L. S.]

SCHEDULE OF OTHER INSURANCE AND APPORTIONMENT OF CLAIM.

Company.....
Amount Insured.....
Amount Claimed.....
Company.....
Amount Insured.....
Amount Claimed.....

DUPLICATE RECEIPT.

§.....
 RECEIVED at.....on the.....day of.....19....of the
INSURANCE COMPANY of.....
Dollars,
 in full satisfaction of all claims for loss and damage by fire as stated above, under
 Policy No.....of.....Agency,
 and in consideration thereof.....hereby release and
 discharge the said Company from all claims whatsoever growing out of said fire loss
 or damage, directly or indirectly and the amount of said Policy is hereby reduced
 in the above-mentioned sum, leaving the sum of.....Dollars
 only in force on said Policy. Witness my hand and seal.

[L. S.]

Form 45—Request for Change of Beneficiary

(Life or Accident Policy)

In accordance with the provisions of Policy No.....issued by the
 COMPANY, upon my life, I hereby request that said policy be changed as to the
 beneficiary, and that the amount becoming due from said Company under said
 policy by reason of my death shall be made payable to.....
 subject, however, to any change of beneficiary which I may hereafter request, under
 the provisions of said policy. And I hereby certify that said policy has not been
 assigned, except to.....
 and that I am not now adjudged insolvent, nor have I made a general assignment
 for the benefit of creditors that remains unsatisfied.

(NOTE—Unless otherwise requested herein policies for the benefit of near
 relatives becoming payable by reason of the death of the insured will be written
 payable equally to such beneficiaries as may survive the insured, but if none survive
 the insured then to the executors, administrators or assigns of the insured.)

If the proposed beneficiary is not a near relative of the insured, state what
 interest said beneficiary has in the life of the insured.)

STATE OF..... } (Sig.).....
 COUNTY OF..... } ss.

On this.....day of.....191...,
 before me, the undersigned appeared.....
 personally known to me, and duly acknowledged the execution of the above in-
 strument.....
 [SEAL.]

This acknowledgment should be executed before a Notary Public or other
 officer using an *official stamp seal*. Otherwise a certificate from the proper author-
 ity should be attached, showing that he is duly authorized to administer oaths.

Form 46—Assignment of Life Policy, General Form

To be executed in duplicate; one copy to be attached to policy, and the other to be sent to home office of Company

NOTE.—Fill up all the blank spaces.

For a valuable consideration in cash to 191....
 of in hand paid by
 the receipt of which is hereby acknowledged, hereby sell, assign, and
 transfer absolutely unto executors, administrators, or
 assigns all right, title and interest
 in and to a certain Policy of Life Insurance, issued by the
 Life Insurance Company of
 on the life of
 and numbered together with all benefits and advantages to be
 derived therefrom.

And do hereby irrevocably constitute and appoint him
 Attorney, with full power of substitution and revocation in name
 or otherwise, but at his own proper cost, to take all proceedings which may be
 proper or necessary for the recovery and collection of any sums which may be or
 become due under the aforesaid Policy; and to discharge, receipt for, compound,
 or release any claims under the said Policy, and to execute, acknowledge, and
 deliver any instrument in furtherance thereof, and to endorse in
 name any check, draft, or other paper given in payment for or liquidation of said
 claim, and to perform every act and thing in and about the premises, hereby ratify-
 ing and confirming all that said attorney or his substitute may do; and also author-
 ize the said Life Insurance Company, or its Receiver, the Superintendent of any
 Insurance Department or others, to pay the sums due or to become due under said
 Policy to him, his executors, administrators, or assigns, without the payment to
 of any further consideration.

And for the consideration above expressed hereby for
 executors and administrators, do covenant and
 guarantee to the aforesaid assignee, his executors, administrators, and assigns that
 the aforesaid Policy belongs to and is free and
 clear from all liens; that have made no other
 transfer or assignment of nor power of attorney to collect upon the same, except
 such as are herein mentioned as follows, to wit: by
 under date of the day of A. D. 191...
 to and by
 under date of the day of A. D. 191...
 to that no proceedings in Bankruptcy or
 Insolvency have ever been instituted by or against
 or are now pending; that have good right
 full power, and lawful authority to assign the same in the manner and form afore-
 said, that will at any time hereafter at the cost
 of said assignee, his executors, administrators, or assigns, make, do, execute, or pro-
 cure to be made, done, or executed, such reasonable assurances, acts, and instru-
 ments for the more effectual confirmation of this assignment, as may be requested
 by him or them, and their title to the said Policy will forever warrant and defend

In Presence of

..... L. S. L. S.
 L. S. L. S.

STATE OF..... }
COUNTY OF..... } ss.

BE IT KNOWN, That on the..... day of.....
A. D. 190..., before me.....
in and for the said County, in the State aforesaid, duly commissioned and sworn,
dwelling in the.....
personally came and appeared.....
to me personally known, and known to me to be the same person.....
described in and who executed the foregoing instrument, and.....
to me acknowledged the same to be..... free act and deed.
And the said..... on a private
examination, by me held separate and apart from her said husband, acknowledged
to me that she executed the same freely, and without any fear or compulsion of her
said husband.

In Testimony Whereof, I have hereunto subscribed my name, and affixed my
seal of office, the day and year last above written.

A certificate from the Clerk of the Court, or other proper authority, should be
furnished with this instrument, showing that the person before whom the said in-
strument is executed, is properly authorized to administer oaths.

.....

Form 47—Assignment of Life Policy. All Interest

.....

To be executed in duplicate; one copy to be attached to policy, and the other
to be forwarded to home office of Company.

FOR VALUE RECEIVED, I being the insured under Contract No.....
issued by the..... INSURANCE COMPANY, of.....
hereby transfer, assign and set over unto.....
of..... State of.....
all right, title and interest in any value that may accrue and become due under
said contract by reason of my death, provided said assignee be then living.

Witness my hand and seal at..... State of.....
this..... day of..... 19.....
Witness:

..... L. S.
of..... State of.....

STATE OF..... }
COUNTY OF..... } ss.

On this..... day of..... 19.....
before me, the undersigned, appeared..... personally
known to me, and duly acknowledged the execution of the above instrument.
L. S.....

This acknowledgment should be executed before a Notary Public or other
officer using an *official stamp seal*, bearing his own name. Otherwise a certificate
from the proper authority should be attached, showing that he is duly authorized
to administer oaths.

This original should be attached to the Policy.

.....

Form 48—Assignment of Life Policy, as Collateral

To be executed in duplicate; one copy to be attached to contract, and the other to be sent to home office of Company.

FOR VALUE RECEIVED, I, being of legal age, hereby transfer, assign, and turn over unto.....
of.....State of....., as collateral,
all my right, title, and interest in Contract No.....issued by the
.....COMPANY, of.....,
on the life of.....
and all benefit and advantage to be derived therefrom, to the extent of such interest as said Assignee may have when said Contract becomes a claim.

Witness.....hand and seal at.....State of.....
this.....day of.....19...
Witness:.....

.....L. S.
.....L. S.
STATE OF..... }
COUNTY OF..... } ss.

On this.....day of.....19...
before me, the undersigned, appeared.....
personally known to me, and duly acknowledged the execution of the above instrument.

L. S.....
This acknowledgment should be executed before a Notary Public or other officer using an *official stamp seal*. Otherwise a certificate from the proper authority should be attached, showing that he is duly authorised to administer oaths.
This original should be attached to the Contract.

Form 49—Assignment of Death Benefit under Accident Policy

(To be executed in duplicate)

One copy to be attached to policy, and the other to be sent to the home office of the Company.

FOR VALUE RECEIVED, I, being of legal age, hereby transfer, assign, and turn over unto.....
.....all my right, title, and interest in the amount payable in event of death under the provisions of Policy No.....
issued by the.....Company of.....,
on the life of.....
and all benefit and advantage to be derived therefrom.

Witness.....hand and seal at.....State of.....
this.....day of.....19...
Witness:.....

.....L. S.
.....L. S.

STATE OF..... }
COUNTY OF..... } ss.

On this day of 19....,
before me, the undersigned, appeared.....
personally known to me, and duly acknowledged the execution of the above in-
strument.

L. S.....

This acknowledgment should be executed before a Notary Public or other
officer using an *official stamp seal*, bearing his own name. Otherwise a certificate
from the proper authority should be attached, showing that he is duly authorized
to administer oaths.

This original should be attached to the Policy.

.....

Form 50—Notice of Injury Under Accident Policy

.....

This blank should be FULLY FILLED immediately after Accident, and for-
warded to the..... Company.

Dated at..... 19....

Name of person injured.....

P. O. Address is (Town).....

(County).....

(State).....

(Street and No.).....

Number of Policy.....

Date of Policy or last renewal..... 19....

Issued by Agent.....

Located at.....

Regular occupation when injured was.....

Date of Injury..... 19....

Hour..... A. M..... P. M.

State fully the cause that produced the injury:.....

Describe the nature and extent of the injury:.....

(If possible, get description from the attending physician.).....

Attending physician's name and address is:.....

(Name).....

(Town).....

(State).....

(Street and No.).....

He estimates TOTAL disability will be..... days.

(NOTE) Partial disability means actual inability to perform one or more im-
portant daily duties pertaining to the occupation of the insured.)

He estimates PARTIAL disability will be..... days.

Employer, Foreman, or Superintendent's name and address is:.....

(Name).....

(Town).....

(State).....

Names and addresses of witnesses are.....

Other Accident insurance carried at date of injury.....

Name of Company?.....

Date of Policy?.....

Amount.....

SUNDRY FORMS

453

If you have made prior claims for indemnity on account of bodily injury, give particulars as indicated below.

Name of Company?.....
Date of Accident.....
Amount.....
Sign here.....
This notice received.....19....,
and given attention.....Agent.
.....

Form 51—Proof of Loss Under Accident Policy

.....COMPANY,

of.....

CLAIMANT'S AFFIDAVIT.

No. 1.

My full name is.....
I am a resident of.....State of.....
My occupation is.....
My present age is.....years. I am insured in the.....
COMPANY, of....., under Accident Policy No.....,
and Renewal of same, dated.....191...., (give
date of Renewal in force on date of accident) for the term of.....
months, in the principal sum of \$.....and weekly indemnity of
\$.....

Said policy was issued by.....
Agent at.....and I paid the
required premium in cash prior to the accident on account of which this claim is
made.

I hereby certify that on the.....day of.....191....
at.....o'clock.....M., I was in
(Place where accident occurred.).....
engaged in (State what occupation or act was being engaged in.).....
when and where I (Describe the accident.).....
which resulted in bodily injuries as follows:.....

TOTAL DISABILITY.

In consequence of the bodily injuries above described, independently of all
other causes, I sustained immediate, continuous, and TOTAL loss of time for the
prosecution of any and every kind of business pertaining to my occupation, above
stated, during the space of.....weeks, and.....days,
from.....191...., to and including.....191....,
for which I hereby claim indemnity at the rate of \$.....per week. My
average weekly earnings are \$.....per week.

PARTIAL DISABILITY.

I HEREBY CERTIFY, That I was, solely in consequence of the bodily injuries
above described, and independently of all other causes, unable to perform as re-
quired of me in my occupation the following IMPORTANT DAILY DUTIES, namely:
.....
during the space of.....weeks and.....days,
from....., 191...., to and including.....191....,

for which I hereby claim indemnity at the rate of \$..... per week.
The payment by said Company of the amount hereby claimed for total disability, partial disability, or both, as claimed, shall be in full, discharge of all claims which I have, or may have, on account of the bodily injuries aforesaid.

At the time of receiving said injuries I was not under the influence of intoxicating liquors or narcotics.

I agree that the Company shall not be held to admit validity of any claim, or waive the breach of any condition of the policy by furnishing this blank and investigating the claim.

The dates of prior claims made by me for indemnity under Accident Policies or Tickets in this or other companies, and amounts paid, are as follows:.....

The only other Accident Policies or Tickets held by me are as follows:.....

(Claimant sign here).....

Subscribed and sworn to before me, at....., A. D. 191...
this.....day of.....

Notary Public. Justice of the Peace.

[SEAL.]

CERTIFICATE OF OFFICIAL OF COMPANY EMPLOYING CLAIMANT.

No. 2.

Office of.....191...

I HEREBY CERTIFY, That.....of.....
by occupation a.....did not work but
lost FULL time from.....M. of.....191...
to.....M. of.....191...

He was unable to perform his regular work, but worked part of the time or substituted on light work for the time from.....M.....191...
until.....M.....191...

His disability was due to.....

His average earnings are \$.....per week, \$.....per month.

(Sign here.).....

(Official Position.).....

(The above blank should be filled whenever the insured is employed by a corporation, firm or individual, by the person who has knowledge of the time he was absent from duty.)

CERTIFICATE OF ATTENDING PHYSICIAN.

No. 3.

I HEREBY CERTIFY, That (Name of Claimant.).....
of.....has been under treatment by
me for (If for bodily injuries, state their precise nature and extent.).....

I was first called to attend him on the.....day
of.....191..., and continued to attend him at various
times until the.....day of.....191...

The local and constitutional symptoms which existed during his disability were....

.....

The external evidences of bodily injury were.....

TOTAL DISABILITY.

He was confined to the house and WHOLLY UNABLE TO WORK at his occupation of..
.....for.....weeks and.....days,
from.....191..., to and including.....191...

PARTIAL DISABILITY.

(NOTE.—Partial disability means actual inability to perform one or more important daily duties pertaining to the occupation of the Insured.)

He was able to be at his place of business, but unable to perform all the duties of his occupation for.....weeks and.....days,

from.....191..., to and including.....191...
 He is not now suffering, nor has he suffered, from any constitutional or local disease
 or physical infirmity, except as herein stated. (If he is, state here to what extent
 such disease has contributed to lengthen the period of his disability.).....
 His present condition at this date is. (State here what the actual condition is and
 the prospects of complete recovery.).....
 Dated at.....191...

.....
 Attending Physician.

I was graduated by.....

.....
 Post-Office Address in full.

In the year 18.....

Form 52—Receipt Under Accident and Health Policy

(This receipt is to be properly dated and signed, and to be returned immedi-
 ately.)

(Date Here.).....191...

RECEIVED OF THE.....COMPANY.

.....Dollars
 by the hand of.....General Agent at.....
 the same being in full satisfaction and final settlement of all claims against said
 Company, under all Accident and Health Policies of said Company issued to....
on account of injuries received or illness com-
 mencing on or about the.....
 day of.....191...; and said Company is hereby released
 from all liability on account of said injuries or illness whether the result be fatal or
 otherwise, and is guaranteed that no assignment of said policies has been made.
 Witness.....

.....
 Insured.

Form 53—English Personal Accident Policy

THE.....ASSURANCE COMPANY

PERSONAL (Accident & 30 Specified Diseases) ASSURANCE

Policy No. A. & D.

Annual Premium £

Compensation (A),

Pounds.

Compensation (B),

Pounds

Shillings per week.

WHEREAS.....
 (hereinafter called the Assured, has made to the ASSURANCE COMPANY (hereinafter

called the Company), a written proposal and declaration (dated the day of the date hereof) containing certain particulars and statements which the Assured has agreed shall be the basis of this contract:

1. Now THIS POLICY WITNESSES that subject to, and in consideration of the payment to the Company of the premium set forth at head hereof as the Premium for the Assurance hereinafter set forth, for One Year, to be computed from noon on the day of the date of this Policy:

The Company hereby agree that if at any time during the continuance of this Policy the Assured shall sustain any bodily injury resulting solely and directly from accident caused by outward, violent, and visible means, in that case

Fatal Accident, Loss of 2 Eyes or 2 Limbs. Loss of 1 Eye and 1 Limb. (a) If such injury shall be the sole and direct cause of the Assured's death or of the total and irrecoverable loss of sight of both eyes, or of the amputation of two limbs at or above the ankle or wrist as the case may be, or of such loss of sight of one eye and such amputation of one limb, such death, loss or amputation occurring within three calendar months from the happening of such injury, then the Company shall, upon surrender of this Policy, pay to the legal personal representatives of the Assured, or to the Assured, as the case may be, the compensation (A) set forth at head hereof.

Loss of 1 Eye or 1 Limb. (b) If such injury shall be the sole and direct cause of the total and irrecoverable loss of the sight of one eye, or the amputation of one limb, at or above the ankle or wrist, as the case may be, such loss or amputation occurring within three calendar months from the happening of such injury, then the Company shall, if so requested, upon surrender of this Policy, pay to the Assured one-half of the Compensation (A) set forth at the head thereof.

Temporary Total Disablement. Temporary Partial Disablement. (c) If such injury does not entitle the Assured to either of the payments above set forth, then the Company shall, for a period not exceeding in all fifty-two consecutive weeks from the date of the injury, pay the Assured on the termination of the Claim the compensation (B) set forth at head hereof for every week during which the Assured shall have been totally and absolutely incapacitated from following the Assured's usual employments, and attending to business of any kind, such incapacity resulting solely and directly from the injury, and one-fourth of the compensation (B) set forth at head hereof for every week during which the Assured shall have been thereby partially so incapacitated. Inability to take part in sports or pastimes shall not of itself be deemed to constitute total and absolute incapacity within the meaning of this Policy.

Permanent Total Disablement. (d) If the Assured shall solely and directly in consequence of such injury be permanently totally and absolutely incapacitated from engaging in, being occupied with, or giving attention to any employment or occupation whether for purposes of business, profession or otherwise, then at the expiration of one year from the termination of the Company's liability under clause 1 (c) hereof, and on proof satisfactory to the Directors that such injury has continually so totally and absolutely incapacitated the Assured during the whole of the preceding year, and that in all probability the Assured will be so totally and absolutely incapacitated for the remainder of life, the Company shall pay the Assured one-twentieth of the compensation (A) set forth at head hereof, and shall make a similar payment at the termination of each succeeding year so long as the Assured is so totally and absolutely incapacitated.

Double Benefits. (e) If the injury for which a valid claim exists under sub-clause (a), (b) or (c) of clause 1 hereof shall have been caused by an accident to the Railway Train, Public Conveyance (plying for hire in the streets) or Passenger Lift, by which the Assured at the time of the injury was travelling as a Passenger, or by a Burning Building in which the Assured was continuously from the time when the fire commenced until the happening of the injury, then the Company shall pay double the amount specified in such sub-clause.

Cumulative Bonus. (f) In the event of a valid claim arising under sub-clause (a) or (b) of clause 1 hereof after the Insurance has been in force for one year, the Company will pay, in addition to the sum specified in such sub-clause, a Cumula-

tive Bonus as set forth at back hereof, but this clause shall not in any way prejudice the annual character of the Insurance.

2. PROVIDED ALWAYS that this Policy does not apply to bodily injury happening when the Assured is under the influence of intoxicating liquor or of a drug or in a state of insanity or resulting directly or indirectly from suicide, breach of the law on the part of the Assured, warlike operations by or against an enemy, or from the Assured engaging in Aviation or Ballooning or wilfully exposing himself to any needless peril (except for the purpose of saving life) or to any of the risks which the Assured, in the said proposal, stated that the Assured did not wish to be covered by the Assurance.

Temporary Total Disablement by Disease. 3. THIS POLICY FURTHER WITNESSES that if at any time during the continuance of this Policy the Assured shall have been totally and absolutely incapacitated from following the Assured's usual employments and attending to business of any kind by Aneurism, Anthrax (Malignant Pustule), Appendicitis, Asiatic Cholera, Bubonic Plague, Bursitis, Carbuncle (True: not Boils), Chicken Pox, Diabetes Mellitus, Diphtheria, Erysipelas, German Measles, Glanders, Hydrophobia, Measles, Meningitis (Epidemic Cerebro-Spinal), Mumps, Perityphlitis, Pleurisy (non-Tubercular), Pneumonia (non-Tubercular), Ptomaine Poisoning, Relapsing Fever, Scarlet Fever (Scarlatina), Small Pox, Tetanus, Tetany, Typhlitis, Typhoid (Enteric), Typhus, or Whooping Cough (Pertussis), contracted while in Europe, Canada, United States, British South Africa, Australia or New Zealand, or while voyaging between any of those countries by a first class Passenger Liner, the Company shall pay the Assured on the termination of the claim the compensation (B) set forth at head hereof for the period during which the Assured shall have been thereby necessarily confined to the house, and half the said compensation (B) for the subsequent consecutive period (not exceeding eight weeks), during which the Assured shall have been required by the Assured's Medical Attendant to continue total cessation from business. Provided that not more than 52 weeks' allowance in all shall be payable for any one such disease and such subsequent cessation from business, and provided that such confinement to the house and subsequent cessation from business shall have been solely and directly due to such Disease independently of all other causes, and that such Disease did not appear within three weeks of the date hereof.

Permanent Blindness. 4. ALSO that if at any time during the continuance of this Policy the Assured shall become totally and permanently blind, and if such Blindness is not brought about by any cause entitling the Assured to claim under any other clause of this Policy, the Company shall at the expiration of one year from the commencement of such blindness, upon surrender of this Policy, pay to the Assured half the compensation (A) set forth at head hereof upon evidence satisfactory to the Directors being furnished that the Blindness has been total and continuous and will continue so permanently.

Permanent Paralysis of two Limbs. 5. ALSO that if at any time during the continuance of this Policy the Assured shall totally lose the use of two limbs by paralysis (other than "General Paralysis of the Insane"), and if such Paralysis was not brought about by any cause entitling the Assured to claim under any other clause of this Policy, the Company shall at the termination of each complete year during which such total loss of use of two limbs shall have continued pay to the Assured one-twentieth of the compensation (A) set forth at head hereof.

6. PROVIDED ALWAYS that the total sum payable under this Policy in respect of any one or more claims occurring in any one year of Assurance shall not exceed in all the compensation (A) set forth at head hereof, and that a claim under sub-clause (a), (b), or (d) of clause 1 or under clause 4 or 5 hereof, shall render this Policy void as regards any claim under any other clause or sub-clause of this Policy.

7. PROVIDED ALSO that the due observance and fulfillment of the terms and conditions of this Policy (which conditions and all endorsements hereon are to be read as part of this Policy) shall be a condition precedent to any liability of the Company under this Policy.

Signed by a Director of the Company for and on behalf of the Company this day of 191...

Examined

.....
Director.

Countersigned.....
Secretary.

CUMULATIVE BONUS

The following is the Cumulative Bonus referred to in sub-clause (f) of Clause 1 hereof:—

If the claim arise during the 2nd year of Insurance, 5 per cent. of the sum specified in sub-clause (a) or (b), as the case may be, of Clause 1 of this Policy.

If the claim arise during the 3rd year of Insurance, 10 per cent. of the sum specified in sub-clause (a) or (b), as the case may be, of Clause 1 of this Policy.

If the claim arise during the 4th year of Insurance, 15 per cent. of the sum specified in sub-clause (a) or (b), as the case may be, of Clause 1 of this Policy.

If the claim arise during the 5th year of Insurance, 20 per cent. of the sum specified in sub-clause (a) or (b), as the case may be, of Clause 1 of this Policy.

If the claim arise during the 6th year of Insurance, 25 per cent. of the sum specified in sub-clause (a) or (b), as the case may be, of Clause 1 of this Policy.

If the claim arise during the 7th year of Insurance, 30 per cent. of the sum specified in sub-clause (a) or (b), as the case may be, of Clause 1 of this Policy.

If the claim arise during the 8th year of Insurance, 35 per cent. of the sum specified in sub-clause (a) or (b), as the case may be, of Clause 1 of this Policy.

If the claim arise during the 9th year of Insurance, 40 per cent. of the sum specified in sub-clause (a) or (b), as the case may be, of Clause 1 of this Policy.

If the claim arise during the 10th year of Insurance, 45 per cent. of the sum specified in sub-clause (a) or (b), as the case may be, of Clause 1 of this Policy.

If the claim arise during any subsequent year 50 per cent. of the sum specified in sub-clause (a) or (b), as the case may be, of Clause 1 of this Policy.

CONDITIONS OF ASSURANCE

1. Written notice of any change of residence, or occupation, or change of name whether by marriage or otherwise, shall, within a reasonable time, be given by the Assured at the Chief Office of the Company in London.

2. This Policy may be renewed by mutual consent from year to year. When such renewal is agreed to, the Premium shall be paid within fourteen days after the anniversary of the date hereof, or this Policy shall lapse, unless and until the Directors shall consent to renew the same: but during such fourteen days the Company shall be liable in respect of this Policy, as if such Premium had been paid on the day it became due, unless notice to determine the Policy shall have been given by the Assured or his Agent, or by the Company.

3. The Assured shall, on tendering any Premium for the renewal of this Policy, give notice in writing to the Company of any disease, physical defect or infirmity with which the Assured has in the meantime become cognizant or affected.

4. Upon the happening of any event which may give rise to a claim under this Policy, written notice with full particulars must be left at or sent to the Chief Office of the Company in London within fourteen days. In case of death, written notice also of the death must, unless reasonable cause is shown, be so given before interment, and in any case within one calendar month after the death, and in the event of loss of sight or amputation of limbs, written notice thereof must also be given within one calendar month after such loss of sight or amputation. A statement of the Christian name, surname, occupation, and address of the person assured, and of the number of this Policy, must be sent together with the notice in every case.

5. Proof satisfactory to the Directors shall be furnished of all matters upon which a claim is based. Any Medical or other Agent of the Company shall be

allowed to examine the person of the Assured on the occasion of any alleged injury or disablement when and so often as the same may reasonably be required on behalf of the Company, and in the event of death, to make a post-mortem examination of the body of the Assured, and such evidence as the Directors may from time to time require (including a post-mortem examination, if necessary), shall be furnished within the space of fourteen days after demand in writing, and in the event of a claim in respect of Loss of Sight, Blindness or Paralysis, the Assured shall undergo at the Assured's expense such operation or treatment as the Company may reasonably deem desirable.

6. This Policy is granted upon the express condition that the aforesaid Proposal and the statements contained therein are true in all respects without concealment or non-disclosure of material fact, and that if either this Policy or any renewal thereof has been obtained through any misrepresentation, concealment or non-disclosure by or on behalf of the Assured, or if in any statement or declaration made in support of any claim for compensation, or in the information given in respect thereof, there shall be any false or fraudulent misstatement, suppression or concealment, then this Policy shall become absolutely void, and all Premiums paid in respect thereof be forfeited to the Company.

7. The total sum insurable with this Company by any one person is limited to £2,000, or to an allowance of £12 per week, in the event of death or disablement caused otherwise than by an accident to the Railway Train or Public Conveyance by which the Assured was travelling, and to £3,000 or to an allowance of £18 per week, in the event of death or disablement caused by an accident to the Railway Train or Public Conveyance by which the Assured was travelling: and any Policy or Policies, Insurance (Journey) Ticket or any other Contracts of Insurance of any kind whatsoever obtained from the Company above these amounts respectively will be null and void.

8. The Company may at any time by notice in writing determine this Policy as from the giving of such notice, without prejudice to the accrued rights of the Assured in respect of prior injuries or Diseases, and the Company shall thereupon return to the Assured such proportion of the then last Premium paid by the Assured as corresponds to the period from the date of such notice to the next anniversary of the date hereof, and such notice shall be deemed sufficiently given if posted in London, addressed to the Assured, at the address last registered in the Company's books, and shall in such case be deemed to have been received by the Assured at the time when the same would be delivered in the ordinary course of post.

9. Any question arising hereunder, shall be referred to arbitration under and pursuant to the provisions contained in the Company's special Act 55 Victoria, cap. viii., as a condition precedent to the commencement of any action, and no person shall be entitled to bring or maintain any action or proceeding on this Policy, except for the sum awarded to be due under such arbitration.

NOTICE

By the Company's Special Act it is provided that the company shall not be bound to notice or be affected by any notice of any trust, charge, lien, assignment, or other dealing with or relating to any Contract of Assurance, but the receipt of the Assured's legal personal representatives shall in all cases be an effectual discharge to the Company.

No alteration of the terms or conditions of this Policy is valid unless signed or initialled by the Secretary or other authorized Official at the Chief Office of the Company.

[Policy Form C]



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